



**Susan Combs** Texas Comptroller of Public Accounts

# Agency Strategic Plan



Agency Strategic Plan for the Period 2011 – 2015





# Agency Strategic Plan

For the Period 2011-2015

## Table of Contents

### Overview

What is a Strategic Plan? . . . . .	1
Strengthening Our Prosperity: The Statewide Strategic Planning Elements for Texas State Government . . . . .	1
The Philosophy of Texas State Government . . . . .	1
Statewide Goal and Benchmarks for General Government . . . . .	2
Graphic – The Strategic Planning and Budgeting System of Texas . . . . .	3
Our Mission . . . . .	4
Our Philosophy . . . . .	4
Our Compact with Texans – What You Can Expect From Us . . . . .	4

### External/Internal Assessment

I. Overview of Agency Scope and Functions . . . . .	7
II. Organizational Aspects . . . . .	10
Graphic – Exhibit 1, Statewide Employment Statistics . . . . .	10
Graphic – Exhibit 2, Agency Organizational Chart . . . . .	13
Graphic – Exhibit 3, Comptroller Field Offices . . . . .	32
Graphic – Exhibit 4, Colonia Counties . . . . .	35
Graphic – Exhibit 5, Age . . . . .	36
Graphic – Exhibit 6, Tenure . . . . .	36
Graphic – Exhibit 7, Turnover . . . . .	37
Graphic – Exhibit 8, Projected Comptroller Retirements . . . . .	37
Graphic – Exhibit 9, Skill Levels . . . . .	38
Graphic – Exhibit 10, HUB Goals . . . . .	43
III. Fiscal Aspects . . . . .	45
IV. Service Population Demographics . . . . .	47
Graphic – Exhibit 11, Texas Population Projections and Components of Change: 2008 to 2018 . . . . .	47
Graphic – Exhibit 12, Texas Population by Age Group: 2008 to 2018 . . . . .	48
Graphic – Exhibit 13, Texas Population by Race and Ethnicity: 2008 to 2018 . . . . .	49
Graphic – Exhibit 14, Metropolitan Statistical Areas, 2009 . . . . .	50
Graphic – Exhibit 15, Texas Metropolitan Statistical Area Population Projections . . . . .	51
V. Technological Developments . . . . .	53
VI. Economic Variables . . . . .	55

Graphic – Exhibit 16, Texas and U.S. Nonfarm Employment Growth, Annual Percent Change . . . . .	55
Graphic – Exhibit 17, Number of Jobs for Every One Job in 1990 . . . . .	56
Graphic – Exhibit 18, Texas Net Migration . . . . .	57
Graphic – Exhibit 19, Expected Job Growth by Industry, Fiscal 2010-2015 . . . . .	58
Graphic – Exhibit 20, Texas Unemployment Rate . . . . .	59
VII. Impact of Federal Statutes/Regulations. . . . .	59
VIII. Other Legal Issues . . . . .	62
IX. Opportunities . . . . .	63
<b>Development of Agency Goals</b>	
Funded Goals . . . . .	65
Non-funded Goals. . . . .	66
<b>Agency Goals and Strategies</b>	
Goal I (Budgeted)	
Improve voluntary compliance with the tax laws . . . . .	67
Goal II (Budgeted)	
Efficiently manage the state’s fiscal affairs . . . . .	69
Goal III (Budgeted)	
Expediently manage the receipt and disbursement of state tax revenue. . . . .	71
Goal IV (Non-budgeted)	
Develop and maintain a skilled work force, committed to quality performance. . . . .	72
Goal V (Non-budgeted)	
Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve . . . . .	72
Goal VI (Non-budgeted)	
Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs). . . . .	73
State Energy Conservation Office (SECO)	
Develop and administer programs that promote energy efficiency . . . . .	73
<b>Technology Resource Planning</b>	
Part 1: Technology Assessment Summary . . . . .	75
Part 2: Technology Initiative Alignment . . . . .	81
<b>Appendices</b>	
Appendix A: Description of Agency Planning Process . . . . .	85
Appendix B: Current Organizational Chart . . . . .	89
Appendix C: Projections of Outcomes for 2011-2015. . . . .	91
Appendix D: Performance Measure Definitions . . . . .	93
Appendix E: Work Force Plan . . . . .	137
<b>Glossary of Terms</b>	
Term Definitions. . . . .	153

# Agency Strategic Plan

For the Period 2011-2015

## Overview

### WHAT IS A STRATEGIC PLAN?

As a document, a strategic plan identifies what an agency is and what it intends to be. It defines agency goals and objectives and charts a course for the future. As a process, strategic planning is continuous, with no clear beginning and no clear end. While plans are developed on a regular basis, it is the process of planning that is important. It implies strategically thinking about the future and how to get there; it optimally involves front-line employees as well as customers; and it provides a common understanding of where the state and the agency are going and how everyone involved can work to that common purpose.

The iterative cycle of strategic planning and budgeting began in Texas in 1992 with the issuance of a statewide vision and the creation of the Statewide Planning and Budgeting System (SPBS). The SPBS links agencies' strategic plans to the state budgeting process, using each agency's strategic goals, objectives and strategies as the basis for constructing the state budget. Performance measures developed under each appropriation provide legislators with a basis for evaluating an agency's ability to meet its objectives.

In 1996, the Governor's Office issued *Vision Texas: The Statewide Strategic Planning Elements for Texas State Government*, containing goals for major service areas in state government and benchmarks that measure progress toward the statewide goals. Since the 1998-99 biennium, Texas state agencies have been required to link each budget strategy in their appropriation requests to at least one of the statewide goals, state-level benchmarks and service categories. As a result of these innovations, Texas government today is more efficient, effective and accountable to its customers, the citizens of Texas.

### STRENGTHENING OUR PROSPERITY

Working together, we must set clear priorities that will help maintain our position as a national leader now and in the future by:

*Ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government;*

*Investing in critical water, energy, and transportation infrastructure needs to meet the demands of our rapidly growing state;*

*Ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;*

*Defending Texans by safeguarding our neighborhoods and protecting our international border; and*

*Increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.*

### THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

*First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.*

*Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.*

*Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local governments closest to their communities.*

*Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. And just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.*

*Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.*

*State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.*

*Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.*

## Statewide Vision

Working together, we must set clear priorities that will help maintain our position as a national leader now and in the future by: ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government; investing in critical water, energy, and transportation infrastructure needs to meet the demands of our rapidly growing state; ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace; defending Texans by safeguarding our neighborhoods and protecting our international border; and increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

## Statewide Mission

Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

## Statewide Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

*Supporting effective, efficient, and accountable state government operations;*

*Ensuring the state's bonds attain the highest possible bond rating; and*

*Conservatively managing the state's debt.*

## Agency Mission

The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.

## Agency Goals

*Improve voluntary compliance with the tax laws.*

*Efficiently manage the state's fiscal affairs.*

*Expediently manage the receipt and disbursement of state tax revenue.*

*Develop and maintain a skilled work force, committed to quality performance.*

*Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.*

*Establish and implement policies governing purchasing and all contracting that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).*

## STATEWIDE GOAL AND BENCHMARKS FOR GENERAL GOVERNMENT

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# The Strategic Planning and Budgeting System of Texas

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## Benchmarks

The statewide benchmarks most likely to be impacted by the Comptroller's strategies include:

- Total state taxes per capita
- Total state spending per capita
- State and local taxes per capita
- Number of state services accessible by Internet
- Total savings realized in state spending by making reports/documents/processes available on the Internet

## OUR MISSION

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## OUR PHILOSOPHY

*We will carry out our duties openly, ethically and fairly. We will emphasize transparency and ensure greater accountability by making records freely accessible. We will listen to those we serve and ask them to judge our performance. We will deliver more services at lower costs by continually examining and improving the efficiency of our work. Employees will be rewarded for initiative, good ideas and productivity. While mindful that the human element is the source of creativity, we will seek out and use innovative technology to do our jobs simpler, smarter and faster. We will keep our word and deliver what we promise.*

## OUR COMPACT WITH TEXANS – WHAT YOU CAN EXPECT FROM US

The Comptroller's office will provide every customer with fast, fair and efficient service; exceed expectations; and continually explore ways to save taxpayer dollars through simpler, smarter and faster solutions.

## Our Customer Service Principles

- Dynamic Assistance
- Quality Work
- Accessible Staff and Facilities
- Fair and Equitable Treatment
- Innovation and Improvement
- Privacy and Confidentiality
- Fast Response to Problems

## Dynamic Assistance

The "Texas Taxpayer Bill of Rights" summarizes the agency's commitment to customer service for Texas taxpayers. The goal of this bill of rights, and the Comptroller's office, is to ensure those individuals and businesses who file and pay state taxes receive the treatment and service to which they are entitled.

- You're going to be treated with fairness, courtesy and genuine respect because it's the Texas thing to do.
- You'll get fast, accurate responses to your information needs. That's an important part of our job.
- If you ever have a complaint, it will be handled by an agency-appointed expert ombudsman.
- The rules, publications and forms are readily available and written clearly.
- Helpful information resources are available at any of our statewide offices or at your fingertips at [www.window.state.tx.us](http://www.window.state.tx.us).
- The tax process is fair and confidential. The timelines are clear. We will do everything we can to work with you and meet your needs.

Offices are open between 8 a.m. and 5 p.m., Monday through Friday. Tax assistance telephone lines are open from 7:30 a.m. until 5:30 p.m., Central Standard Time, Monday through Friday. Information is available on the agency's website 24 hours a day, 7 days a week.

## Quality Work

The agency's trained, professional staff aims to get every aspect of a customer's affairs right the first time.

## Accessible Staff and Facilities

Agency staff may be contacted by e-mail, telephone or letter. Field offices located across Texas are also open to visitors.

### Headquarters address:

111 East 17th Street  
Austin, Texas 78774

### Mail correspondence to:

P. O. Box 13528  
Austin, Texas 78711

### Agency switchboard:

(800) 531-5441  
(7:30 a.m.-5:30 p.m., Central Standard Time,  
Monday-Friday)



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## Fair and Equitable Treatment

The Comptroller's office promises tax and fiscal processes that are fair, equitable and timely. For special needs, any of the agency publications can be made available in Braille, large print, audio or Spanish. An alternate format can be requested by contacting the agency's customer service representative at [comptroller.help@cpa.state.tx.us](mailto:comptroller.help@cpa.state.tx.us).

## Innovation and Improvement

Customer input is critical to the agency's continuous improvement efforts. Customers are surveyed on a regular basis to obtain input and ideas to improve agency processes.

## Privacy and Confidentiality

The Comptroller's office will follow the letter of the law when it comes to taxpayer privacy and confidentiality.

## Fast Response to Problems

Despite the agency's best efforts, there could be times when delays arise. All complaints are handled with a sense of urgency. If a complaint is filed, a response can be expected within 10 working days.

Tax disputes previously handled by the Comptroller's office are now heard by administrative law judges with the Tax Division of the State Office of Administrative Hearings. Contact the State Office of Administrative Hearings at [questions@soah.state.tx.us](mailto:questions@soah.state.tx.us).

Due to the size and number of programs administered by the Comptroller's office, two individuals assist in resolving customer issues. The Customer Relations Representative works with customers who have non-tax related issues, while the Agency Ombudsman assists customers with tax or business-related issues.

Agency staff will treat all customers with care and attention whether filing a tax return, undergoing an audit or simply seeking information.

## Our Customer Service Standards

- Online tax information will be available 24 hours a day, seven days a week.
- Qualifying taxpayers can file a variety of state sales tax returns via the Internet 24 hours a day, seven days a week.
- Telephone messages will be returned within 24 hours.
- Complaint letters will receive responses within 10 days.

The Comptroller's office regularly assesses its customer satisfaction levels through a number of surveys and report cards. Because of the complexity and range of duties performed by the agency, areas individually survey their customers. The agency also monitors its progress through the use of performance measures designed to evaluate the level of customer satisfaction with major areas of the agency. A separate *Comptroller's Report on Customer Service* is available on the agency's *Window on State Government* website.



# Agency Strategic Plan

For the Period 2011-2015

## External/Internal Assessment

### I.

#### OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

The Texas Comptroller of Public Accounts, created by the Texas provisional government on Dec. 30, 1835, was directed to keep an accounting of the infant nation's debts and pay them if and when money became available. The office continued as an appointed position in the Republic of Texas and, after statehood, became an elected position authorized by Article IV, Section 23, of the Texas Constitution of 1850.

Today, the Comptroller's office serves virtually every citizen in the state. As Texas' chief tax collector, accountant, revenue estimator, treasurer and purchasing manager, the agency is responsible for writing the checks and keeping the books for the multi-billion dollar business of state government.

As chief financial officer, the Comptroller's office collects taxes and fees owed the state. Most of the office's duties and powers are enumerated in the Texas Tax Code and in Chapter 403 of the Texas Government Code. As guardian of the state's fiscal affairs, agencies depend on the Comptroller's office to pay their bills and issue paychecks to state employees. Legislators rely on the Comptroller to chart the course of the Texas economy, produce annual financial reports and estimate future state revenues. Local officials and businesses look to the agency for economic development guidance and data analysis. Taxpayers rely upon the agency for assistance and guidance regarding compliance with tax laws. Strict accountability in the collection and expenditure of taxpayer dollars is essential. All Texas residents depend on the agency to safeguard their tax dollars and ensure they are handled wisely.

Senate Bill 20, as passed by the 74th Legislature, amended Chapter 404 of the Government Code to transfer the powers and duties of the State Treasurer to the Comptroller, effective Sept. 1, 1996. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards, raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury Safekeeping Trust, which invests, manages and oversees more than \$50 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, amended various chapters of the Government Code to transfer the statewide procurement, fleet management, statewide historically underutilized businesses and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$14.4 billion in stimulus funds flowing through the state's treasury. More than 60 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent.

In addition, the State Energy Conservation Office was awarded over \$290 million in stimulus funds from the U.S. Department of Energy to support energy efficiency and renewable energy initiatives through four different programs: the State Energy Program, Energy Efficiency and Conservation Block Grant Program, State Energy Efficient Appliance Rebate Program and the Energy Assurance Program.

The work of the Comptroller's office doesn't end there. Turning around and growing Texas' economy is vitally important to the prosperity and quality of life of all in the



state. By assisting communities and businesses in their efforts to create new jobs and improve the standard of living, the Comptroller's office is committed to creating an environment in which a healthy economy can flourish. The agency provides services to business owners, business taxpayers, local officials, Historically Underutilized Businesses (HUBs) and everyday Texans.

## **TAKING CARE OF TEXANS AND THE BUSINESS OF TEXANS**

### **Business Owners and Business Taxpayers**

- The Comptroller's office supports Texas business owners with a variety of resources to help them get ahead. With online tax help, interactive Web tools for economic data and up-to-the-minute information on how proposed legislation could affect businesses, the Comptroller's office offers a tool for everyone.
- Because business owners are busy people, the Comptroller's office is committed to making the collection and remittance of sales and other taxes as convenient and trouble-free as possible. Many of the agency's services are now online.
- The agency's *Window on State Government* website provides businesses with complete tax information and online tools. Business owners and taxpayers can conduct a wide array of transactions, from applying for a sales tax permit and filing a return to requesting franchise tax extensions and submitting required reports.
- General information about state taxes, including relevant statutes, Comptroller rules and preprinted tax-related forms can also be obtained online.
- The *Texas Edge* (Economic Data for Growth and Expansion) website allows users to tap into data and analysis for revenue planning, financial analysis, economic forecasting, site-location decisions and issues affecting trade, industry and growth. Up-to-the-minute reports on factors such as population and tax information for counties and other Texas areas can be created or custom economic research can be requested.
- *Texas Ahead* provides a one-stop Web portal to economic resources for growing and governing Texas. The site offers targeted resources for businesses, local governments and economic development professionals, giving them the vital information needed to make decisions about doing business in Texas or plan for economic growth.
- For business owners interested in doing business with Texas, the Texas Procurement and Support Services

Division manages the state's procurement and contracting programs and services. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors. Businesses can register on the state's Centralized Master Bidders List to be notified of state bid opportunities.

- Telephone assistance for each of the taxes the Comptroller's office administers is provided and sales taxpayers can file certain reports via telephone — all of it toll-free.
- For face-to-face contact, any of the agency's field offices throughout Texas are open to visitors. Field personnel can accept tax returns and payments, assist with tax permit applications and returns, answer taxability and collection-related questions and process requests for the permits, licenses and decals the agency provides.
- Taxpayer seminars are offered at locations around the state and online to provide useful information for buyers, sellers and service providers.

### **Historically Underutilized Business (HUB) Owners**

- State agencies and universities are constantly looking to work with businesses certified as HUBs. The goal of the Comptroller's statewide HUB program is to actively involve HUBs in the Texas procurement process and ensure they receive a fair share of state business. Certifying minority- or women-owned businesses in the agency's program provides opportunities to do business with more than 300 state entities. The state awarded more than \$1.9 billion in contracts and more than \$838 million in subcontracting opportunities to HUB-certified companies in fiscal 2009.
- The agency's internal HUB program is ready to do business with all minority- or women-owned companies certified as HUBs. The HUB program of the Comptroller's office always strives to exceed the Legislature's goals for HUB participation. The agency is committed to promoting equal opportunities in contract awards, working with both prime contractors and HUB subcontractors. The HUB program offers a toll-free HUB Program Information line to obtain current bid opportunities and other information.

### **Local Officials**

- The Comptroller's office is committed to partnering with local governments by providing vital management assistance to help streamline operations, improve customer service and ensure compliance with state laws.

- The agency provides a wealth of online information for local taxing authorities, including local sales and use tax information and tax rate histories for each taxing jurisdiction, answers to frequently asked questions and historical information on local sales and use tax and mixed beverage tax allocation payments.
- The agency's Texas Smart Buy initiative has created an online shopping cart system that allows local governments to purchase goods and services from existing, prearranged state contracts. The system greatly simplifies the purchasing process for hundreds of thousands of common items.
- The Texas Cooperative Purchasing Program (CO-OP) takes the volume purchasing power of Texas and brings it to more than 1,926 local government members. CO-OP purchasing means buyers have access to state contracts with no bidding required — just order from more than 200 state contracts. Member governments can purchase copiers, vehicles, road and highway materials and many other products for the same price as state agencies. The Comptroller's office also offers members onsite training as well as training sessions at various statewide events, conference calls, an online CO-OP manual, online Webinars and more.
- Local governments can obtain up-to-date data for revenue planning and analysis, economic forecasting and site location decisions at the *Texas EDGE* website.
- The Property Tax Division works to guarantee equality of school funding by maintaining the integrity of local property tax appraisals. The division conducts the state Property Value Study, which is used to ensure and enforce appraisal accuracy. Seminars and presentations on the property tax are also offered for appraisal district personnel and taxing authorities.
- The Comptroller's office oversees TexPool, an \$18 billion local government investment pool that serves more than 2,000 communities throughout the state. The TexPool program offers a convenient and effective choice for the investment of local funds. As a triple-A-rated local investment vehicle, it's a vital tool for maintaining safe and stable community revenues.
- The agency's State Energy Conservation Office (SECO) assists local governments in developing energy efficiency and renewable energy programs and offers loans and grants to help them slash their utility bills by improving or retrofitting their buildings.
- To help Texas communities keep underage teenagers tobacco-free, the Comptroller's office provides grants to

school districts and local police departments to enforce the state's tobacco laws and keep tobacco out of the wrong hands.

## Everyday Texans

- The Comptroller's office provides vital information and data for everyday Texans through economic newsletters, in-depth special reports and Web pages that can all be accessed with the click of a mouse.
- *@YourService*, an e-mail subscription service available to the public, provides updates with news on topics ranging from franchise taxes to economic indicators.
- The agency's free monthly newsletters, *Fiscal Notes*, *Texas Rising* and *Texas Innovator* provide regular updates on issues and events affecting the state economy.
- To see how tax dollars are spent, *Open Book Texas* tools allow citizens to track and analyze spending by state agencies, read about local government transparency efforts and follow the flow of federal stimulus spending in the state.
- The federal stimulus funding site provides the state's most extensive list of grant and loan opportunities available to businesses, state and local government agencies, nonprofit agencies and individuals, including information, links and dollar amounts.
- The agency's Unclaimed Property Division reunites owners, or their heirs, with abandoned or unclaimed properties. Properties can include any type of forgotten financial asset, such as bank accounts, safe deposit box contents, insurance proceeds, utility deposits, uncashed payroll checks, cashier's checks, stocks and bonds and more. An online database of unclaimed property can be accessed and searched 24 hours a day, seven days a week. A claim form can also be generated online.
- The Comptroller's office prepares a variety of in-depth reports for anyone seeking to understand vital issues affecting the state as well as hard-hitting reports that tackle major policy issues and offer recommendations to help the state prosper. For example, *Texas in Focus* examines the challenges and opportunities facing each of Texas' 12 economic regions, while *Liquid Assets* looks at Texas' water resources and the demands affecting its supply.
- The Criminal Investigation Division works to keep taxes as low as possible by detecting, deterring and publicizing criminal conduct and fraud involving state tax laws.
- The agency's State Energy Conservation Office (SECO) provides information and educational programs on

energy efficiency and renewable energy, including lesson plans and educator training as well as tips for saving energy at home.

- The Natural Resources Policy division monitors and analyzes the potential impact of state and federal energy and natural resource initiatives that could affect state revenues and the Texas economy. The division is advising a multi-agency advisory committee tasked with evaluating ways to reduce “greenhouse” gas emissions without damaging the Texas economy.
- In-depth information on Texas’ system of local property taxation, including explanations of exemptions and reporting requirements and advice on taxpayers’ rights and remedies under Texas law, such as how to contest appraisals, can be obtained from the Property Tax Assistance Division.
- The Comptroller’s office offers a variety of programs to support and develop an educated and trained Texas work force, from plans to help families save for college to scholarships for Texans. The Texas College Savings Plan allows individuals to set aside college savings while avoiding federal taxes on the earnings, while the Texas Tuition Promise Fund allows individuals to start paying for college now while locking in current tuition prices. The newly established Every Chance Funds will boost Texas career and technical education by offering grants to community colleges, technical schools and nonprofit organizations as well as scholarships for students in career and technical training programs.

## II. ORGANIZATIONAL ASPECTS

### AGENCY WORK FORCE

#### Goals

The Comptroller’s office offers a dynamic work environment based on the concepts of innovation and inspiration. Recruiting and retaining a skilled work force to meet the overall goals and objectives of the agency, both short and long term, are critical to the agency’s continued

success. From innovative employees come innovative ideas to improve the way the agency and state government are run.

### Objectives

During the 2012-13 biennium and beyond, the Comptroller’s office will strive to maintain an optimum staffing level of 3,151.6 full time equivalents (FTEs). Contract workers will be used during peak and seasonal periods or in instances where state employees cannot be hired to provide the same level of expertise and skill needed to implement a specific function. Contract workers may also be used when the project duration is short-term and a cost-benefit analysis determines that it will be more cost effective to hire a contract worker versus an FTE. The agency will evaluate each situation independently, while ensuring compliance with staffing levels.

### Strategies

#### Equal Employment Opportunity Program

The Comptroller’s office is dedicated to an aggressive equal employment opportunity program to ensure ethnic minorities and females are utilized in proportion to their availability in the work force. Currently, minorities comprise almost 49 percent of the agency’s labor force. Women comprise 56 percent of the agency’s total labor force and over 46 percent of the agency’s upper management positions.

The Texas Workforce Commission lists statistics for the statewide civilian work force using a series of broad job categories. **Exhibit 1** compares these statistics with Comptroller staffing patterns:

EXHIBIT 1 Statewide Employment Statistics						
Job Category	African American Comptroller	African American State	Hispanic American Comptroller	Hispanic American State	Females Comptroller	Females State
Officials/Administration	17.7%	9.0%	10.6%	23.7%	38.1%	38.8%
Professional	14.8%	11.7%	23.8%	19.9%	52.5%	54.5%
Technical	7.2%	17.0%	11.9%	27.0%	72.1%	55.6%
Administrative Support	18.8%	13.2%	36.5%	31.9%	71.9%	66.2%
Skilled Craft Worker	50.0%	5.1%	50.0%	46.9%	0.0%	5.1%
Service and Maintenance	22.7%	12.8%	27.1%	44.8%	58.8%	39.7%

Source: Uniform Statewide Payroll System and Texas Workforce Commission (TWC).  
TWC statistics extracted from “Equal Employment Opportunity and Minority Hiring Practices Report, January 2009.”



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The Comptroller's office, for most job categories, is comparable to or above the statewide work force.

### **Training**

In accordance with the goal of developing a better-educated work force, the Comptroller's office offers programs to support employee growth and assist employees in dealing with the challenges of work, home and family. All non-supervisory employees are required to attend a minimum of 21 hours of training, while managers are required to attend at least 35 hours of training annually.

To facilitate employee training, the agency's Human Resources area continually evaluates employees' job skills to identify where training is needed. In addition, surveys of employees are periodically conducted to obtain feedback on the training offered and identify areas where training is needed.

In-house training at the cpaAcademe! Enrichment Center or attendance at workshops and conferences is coordinated to ensure that employees attain the skills needed to meet the challenges and demands of a changing workplace. The "Virtual University" enables employees to utilize online technical training from their workstations to make training even more accessible and productive. A "Software Solutions Lab" enables employees to bring actual work to the classroom and work with subject matter experts for on-the-job training and development. Annual employee or "eDay" events provide unique training opportunities that focus on personal development.

Comptroller Television (CTV) is another innovation established to provide employees with the ability to train via online video available on the Comptroller's internal website. Employees are able to watch training videos, seminars and other programs from their computers. Original shows and commercial videotapes are recorded, compressed onto the agency's Web server, and then accessed by employees through a Web browser. Recorded broadcasts can be accessed "on demand" as many times as desired. Additional content on various topics, including most mandatory training, is offered using online flash video as an easy-to-update, cost-effective training delivery method.

Webinars are also employed with great success. Given the dispersion of agency staff throughout the state and in four out-of-state offices, training on the use and new features of certain agency-wide systems that had undergone

significant change has been accomplished in a relatively short time-frame.

Other efforts are far-reaching, including the Texas Fiscal Officers' Academy (TFOA). This initiative, which began in 2002 in cooperation with the leadership and staff of the Governor's Office, Legislative Budget Board, the State Auditor's Office and the Employees Retirement System, was designed to meet the loss of knowledge and experience created by the retirement of the state's financial leaders. Eligible students are drawn from both large and small agencies, but each nominee must have two to five years of experience as an accountant, auditor, economist, budget officer or purchasing officer, or have been in a similar position. TFOA meets every other year – in even-numbered years when the Legislature isn't in session. The program received an award from the National Association of State Comptrollers (NASC) as an Outstanding Project in State Financial Management.

A challenging curriculum was designed based on real-life situations. The coursework focuses on the state budget process, fiscal management, accounting, reporting and auditing. While studying these areas, the academy's students learn about strategic planning, forecasting caseloads and devising performance measures and business plans. Students learn how the legislative process works and how to manage appropriation authority and transfers. Students also learn to comply with state and federal reporting requirements. When students graduate from the academy, they return to their state agencies with expertise in a variety of areas, including federal funds, cash management, purchasing and investments.

### **Wellness Program**

To improve the health, fitness, well-being and productivity of Comptroller employees, the Wellness Program was devised to create an environment that promotes and maintains individual fitness and health through voluntary employee participation in program activities. Annually, a wellness fair is held featuring speakers who are leading experts on current wellness issues, demonstrations, vendors, health screenings and other activities. Quarterly, electronically disseminated *Wellness Newsletters* inform employees about recent wellness news in the agency including events, employee success stories, healthy recipes, strategies for improving one's health and simple tips for healthier living.

An agency wellness team relays information and concerns between the wellness team and employees. Team members serve as role models for fellow employees by practicing

a healthy lifestyle; motivating and encouraging employees to choose a healthy lifestyle and participate in wellness events; and contributing individual expertise by attending and participating in meetings and activities and organizing wellness activities and events.

The agency's fitness leave policy won the *2009 State Agency Worksite Wellness Program Promising Practices Recognition Award* in the policy category at the 2009 State Agency Wellness Conference. The policy enables employees to earn leave for participating in physical activities, which not only encourages employees to be physically active, but also helps foster a culture that supports healthy behaviors. The conference recognized and shared promising worksite wellness practices, as well as encouraging state agencies to adopt effective wellness practices.

### **Additional Incentives**

To further retain skilled employees, the Comptroller's office offers a Work Alternative (WALT) Program to offer flexible, compressed work week options. In addition, the Telework Program provides employees who have special needs with the flexibility to work from home. Both programs allow the agency to benefit from reduced absenteeism and leave usage, as well as higher employee morale and lower turnover.

Further incentives include bonuses and leave for exceptional performance on special projects or other special achievements and the Employee Assistance Program, which provides employees with confidential, personal support for a wide range of issues, from everyday concerns to serious problems.

### **Recruitment**

A strong recruitment program is essential to obtaining not only talented individuals, but also the right mix of skills for the agency. Currently, the average age of Comptroller employees is around 46 years old, with a high number eligible for retirement over the next few years. To recruit new employees, the agency participates in job fairs statewide, utilizes specific print media advertising and posts vacant positions on Internet sites, including the Texas Workforce Commission's Work in Texas website.

### **Outsourcing**

Finally, the Comptroller's office is dedicated to improving the quality of service to all customers. The agency evaluates its functions to determine if the functions can be done more efficiently and at a lower cost by the private sec-

tor. Consultants and other contractors are also utilized for special projects when the required expertise is not available internally.

The agency's Contract Administration Office (CAO) provides the agency with internal contract management support and strives to ensure all contracts are in compliance with established contract requirements. Additionally, all contract managers are required to attend contract management training presented by the CAO within 60 days of assignment as a contract manager.

## **ORGANIZATIONAL STRUCTURE**

The Comptroller's office accomplishes its mission through various programs focused on implementing tax laws, processing tax revenue, managing the state's fiscal activity and providing services for both internal and external customers, including agency employees, state agencies, taxpayers, public officials and the general public. Within this framework, the agency is a cohesive organization dedicated to the continuous improvement of employee skills, the work environment, business practices and customer service. **Exhibit 2** identifies the basic functional areas that carry out the Comptroller's mission.

### **Tax Administration**

The Comptroller's primary duty is to collect more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,500 cities, counties and other local governments. State taxes and fees will generate an estimated \$76.2 billion in the state's 2010-11 budget period.

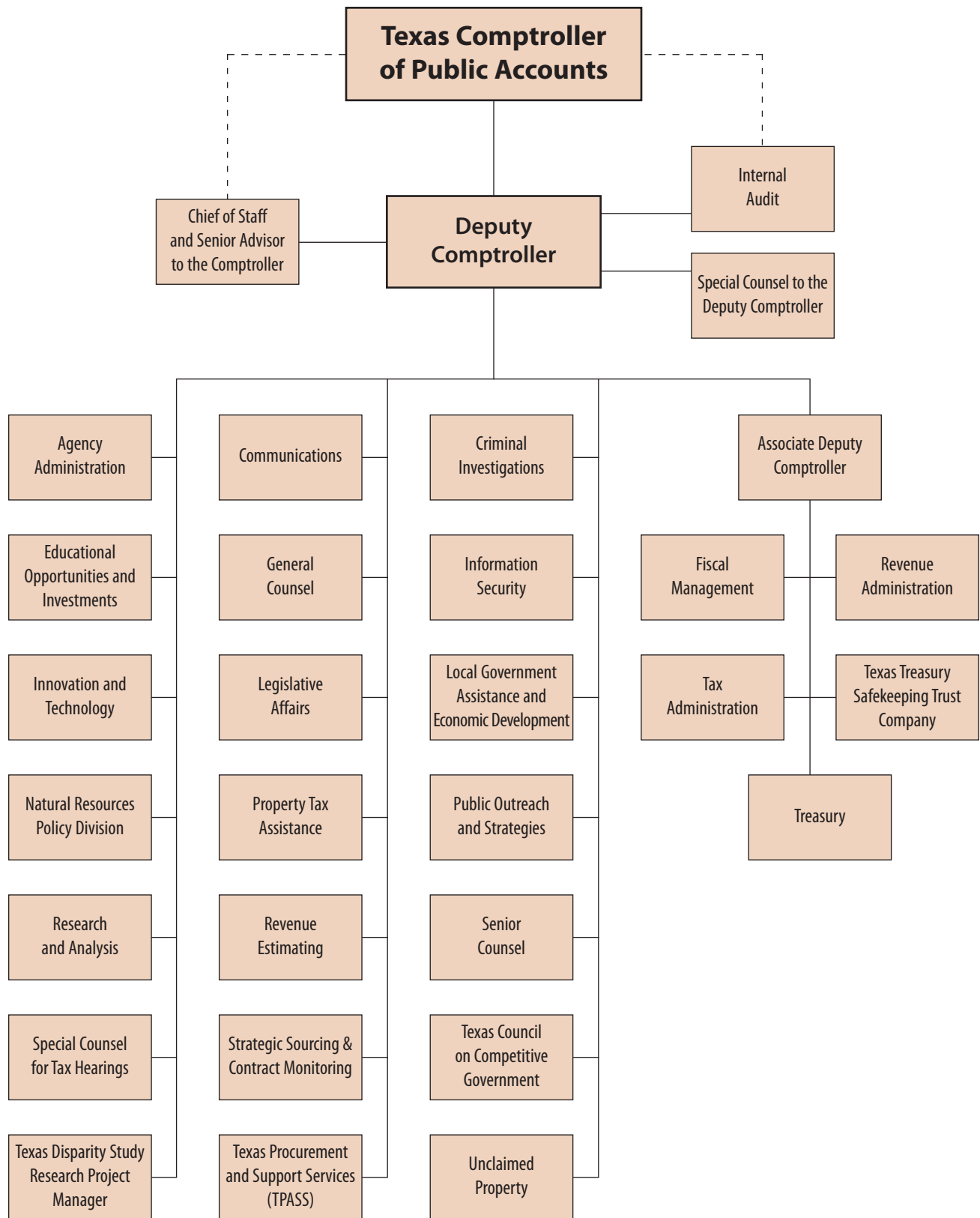
The *Tax Administration* area includes the Audit, Tax Policy and Enforcement divisions. Offices are located in 25 cities throughout the state where taxpayers can conduct business with the agency. The agency also maintains four out-of-state offices to effectively audit the activities of companies doing business in Texas.

Audit reviews taxpayer records to determine compliance with state tax laws and educates taxpayers about tax requirements. Its goal is to enhance taxpayer compliance and maximize tax collections. More than 16,000 tax audits and refund verifications are conducted annually to ensure the correct amount of taxes have been paid to the state. Audit's Business Activity Research Team identifies and contacts non-permitted businesses.

House Bill 3, passed by the 79th Legislature, 3rd Called Session, 2006, required revisions to the state's franchise tax

## EXHIBIT 2

# Agency Organizational Chart





by changing the tax base, lowering the rate and extending coverage to active businesses receiving state law liability protection. The new franchise tax statute also required a fundamental change in how audits were approached. With the inclusion and exclusion of related entities due to HB 3, one year, rather than four year, audit periods became necessary for larger, more complex accounts.

To complement traditional audit methods, a new Desk Audit Program was implemented to accelerate the verification of specific aspects of the new franchise tax. In fiscal 2009, Audit conducted 3,033 audit and refund verifications and 368 field verifications. Audit also embarked on an extensive training initiative to expand the number of auditors conducting franchise tax audits to further increase both coverage and compliance.

The 80th Legislature, Regular Session, 2007, passed HB 11, which required all tobacco, beer and wine distributors to report sales by individual location. With this additional tool, Audit has been able to direct its compliance efforts within this business sector. HB 11 data, which has now been collected since January 2008, allows the agency to compare the purchases that retailers have made with the sales that retailers are required to report.

Because both sets of data are largely received electronically, discrepancies can be more easily and rapidly identified. Rapid identification is essential so that auditors can begin working to mitigate and recoup any revenue loss to the state. To date, over \$91 million has been directly assessed through audits and desk examinations. An additional \$71.5 million is estimated to have been remitted to the state through improved awareness and voluntary compliance within the convenience store industry.

Demand for greater audit coverage and taxpayer services increases significantly in difficult economic times as weaker businesses fail and new businesses start, making it imperative that Audit be prepared to handle the additional demand. Cash flow challenges for businesses hardest hit by a slowing economy can reduce voluntary compliance. Decreased voluntary compliance further reduces state revenue at a time when it's needed the most to revitalize the economy and assist workers in transition.

Audit continues to look for innovative ways to improve taxpayer compliance through the use of technology and online assistance and educational seminars for taxpayers. Web applications to query data, coupled with predictive models used to score and rank taxpayers less likely to be in

compliance, have been developed and are in use. The division's Advanced Database System and data mining software continue to serve as a platform for analytics that aid in identifying non-permitted businesses. Maintaining a strong presence through a variety of taxpayer contact activities is vital to protecting the state's interests.

In conjunction with Audit, Enforcement manages and tracks delinquent taxpayer accounts for collection. This program enforces state tax laws and promotes voluntary compliance by contacting delinquent taxpayers for payment and providing taxpayer service. Program success depends largely upon the division's public presence throughout the state. Taxpayers can obtain assistance and information by visiting any field office location or by contacting Enforcement call centers via toll-free lines. Enforcement also contracts with a private collection agency to handle delinquent accounts falling below a specified tolerance, which allows field staff to concentrate on high dollar cases.

Case workers in two call centers located in Austin and San Antonio initiate the collection process. Collectors handle both inbound and outbound calls, responding to questions regarding delinquent accounts, collecting on past due liabilities and providing tax assistance. In addition to obtaining commitments to pay and warning of possible collection actions, phone collectors have the ability to freeze and place a levy on the bank accounts and third party assets of delinquent taxpayers, as well as issue permit suspensions. The majority of all cases are first routed through the call centers before being sent to field offices for advanced collection action, if necessary.

A new phone system was implemented in April 2009 to seamlessly connect the call centers. The new system has a predictive dialer that is intended to improve the efficiency of the outbound call process by filtering out unconnected calls and detecting answering machines. Additional features of the new system include routing calls based on agent skill levels, allowing taxpayers to leave call back numbers instead of waiting on hold and delivering messages to answering machines on outbound calls.

The biggest difference between the field offices and call centers is the personal contact with taxpayers. In many cases, face to face contact is necessary to address a taxpayer's particular needs or to resolve a delinquency effectively and efficiently.

The Tax Policy division interprets tax policy and provides timely tax information to taxpayers, tax professionals,

state officials, Texas citizens and agency personnel. Specialists in Tax Policy implement changes to the tax laws, develop rules and bulletins to help taxpayers understand and comply with those laws, assist taxpayers and make tax information available in a variety of ways to promote voluntary compliance. Tax specialists also provide taxability and account assistance to the public through dedicated toll-free telephone lines. Experienced tax specialists respond to questions about all taxes and fees administered by the Comptroller's office, assist callers with tax returns and provide general collection information.

Tax Policy staff actively participates in various multi-state organizations, including the Multistate Tax Commission, the Federation of Tax Administrators, the International Fuel Tax Agreement, the State Bar of Texas Taxation Section, the North America Free Trade Agreement, the Streamlined Sales Tax Project, Texas Surplus Lines Association, Surplus Lines Stamping Office of Texas and the Surplus Lines Multistate Working Group. By participating in these groups, the agency is aware of trends and changes across the state and country on matters affecting tax policy.

A key element of voluntary compliance is education. Staff presents taxpayer education seminars throughout Texas to groups such as the Texas PTA, the Association of General Contractors, the Utility Excise Tax Association of Texas, Texas Taxpayers and Research Association and County Tax Assessor-Collectors to encourage voluntary compliance and keep taxpayers and their representatives up-to-date on agency policies. Tax Policy staff also participates in and makes presentations to the Taxpayer Advisory Group (TAG), a small group of industry representatives and tax practitioners chosen by the Comptroller's office to encourage dialogue and information exchange on tax topics and agency process issues.

Tax Policy continues to examine ways to utilize the agency's website to ensure that taxpayers can find relevant information without the need to call, write or drive to a field office for assistance. A *Frequently Asked Questions* website has recently been launched to allow customers to search for frequently asked questions using key words. The results of these public searches will be used to develop future outreach programs. Plans include creating industry specific web pages with information and publications targeted to various industries.

Webinars are also used to increase the flow of information, while limiting expenditures for travel and other costs related to speaking engagements. The webinars are offered in

segments, so that specific topics can be selected rather than forcing viewers to watch complete presentations. Through the use of webinars and other web-related services, Tax Policy can maximize agency resources, while increasing the agency's presence throughout the state.

## Fiscal Management

The *Fiscal Management* area is responsible for the accounting functions of the state. This area audits and processes vouchers, monitors the financial status of state agencies and analyzes each General Appropriations Act to determine if the funds appropriated are within the amount of revenue certified to be available.

On behalf of the state of Texas, the Comptroller's office received the nineteenth Certificate of Achievement for Excellence in Financial Reporting for the *2008 Comprehensive Annual Financial Report* (CAFR). This award, made by the Government Finance Officers Association, is presented to government units whose CAFRs achieve the highest standards in government accounting and financial reporting. The 2009 CAFR has been submitted for consideration.

Fiscal Management administers six different statewide financial systems, including the Uniform Statewide Accounting System (USAS), the Uniform Statewide Payroll System (USPS), the Human Resources Information System, the Standardized Payroll/Personnel Reporting System, the Texas Identification Number System and the State Property Accounting System. These statewide systems monitor and account for the state's revenues, expenditures and cash flow, generate payments and provide data used to forecast future revenues for the state budgetary process. Limitations in terms of standardization, functionality and level of detail, however, hinder the ability to uniformly report on items such as expenditures, budgets and purchases.

To further financial and reporting uniformity, the Comptroller's office is leading the effort to develop, maintain and support Enterprise Resource Planning (ERP), a statewide effort called for by legislators during the 80th legislative session in 2007. HB 3106, which transferred the responsibility for ERP to the Comptroller's office, required the agency to ensure that the uniform statewide accounting project includes the administration of general ledger, accounts payable, accounts receivable, budgeting, inventory, asset management, billing, payroll, projects, grants, procurement and human resources.

An ERP study, led by Fiscal Management and Innovation and Technology (IT) staff, explored ways to integrate

data and processes into more cohesive and standardized systems for the highest levels of efficiency. A report was submitted to the 81st Texas Legislature in December 2008.

The Legislature subsequently approved funding to modernize the state's human resources/payroll and financial systems during the 2010-11 biennium for the Texas Department of Transportation, the Department of Information Resources and the five Health and Human Services agencies. Together, these agencies represent more than 40 percent of the state budget, so this undertaking promises significant benefits for the state of Texas.

Currently in development, ProjectONE – Our New Enterprise – will create a single set of real-time books for the general ledger, accounts payable, accounts receivable, budgeting, inventory, asset management, payroll, projects, grants, human resources and procurement activities of state agencies and institutions of higher education. By establishing a common system for all these functions, ProjectONE will reduce conflicting data and give decision-makers at the division, agency and state level access to accurate and timely information. It will also reduce intensive manual effort in key business processes such as asset management and procurement while improving interdepartmental and interagency communication.

Progress to date includes contracts for:

- Statewide licenses for Oracle/PeopleSoft software for use by all agencies
- Implementation services
- Project Management Oversight Services
- Contracts for software and maintenance, hardware, training and hosting services between the participating agencies and the Comptroller's office

Phase Two will expand ProjectONE to additional state agencies.

Fiscal Management is also leading the way to set new standards for transparency and accountability in state government. Financial transparency at the state level was implemented in January 2007 with the posting of Comptroller's office expenditures on the *Where the Money Goes* website. This effort was expanded in December 2008 via the *Texas Transparency Check Up* website.

A new, expanded website, *Texas Transparency*, offers a comprehensive look at how the state spends tax dollars. The site features the agency's award-winning *Where the Money Goes* tools to track state spending, a new *Where the Money*

*Comes From* tool to show state revenues, an Open Data Center for direct access to Comptroller data, information about the state budget process and a spotlight on transparency efforts at the local government level.

FMQuery is a business intelligence tool for authorized users of the statewide financial systems. FMQuery is part of the agency's initiative to establish an enterprise warehouse for the state's data. Two applications of the platform are now available.

- FMQuery – Payroll draws payroll information from USPS and SPRS. Users can choose from an array of on-demand reports or pose their own queries against their agency's data.
- FMQuery – SIRS (Statewide Internet Reporting System) allows users to generate predefined ad hoc reports from USAS and USPS. Custom reports can also be created from certain financial and personnel information.

Fiscal Management has also made direct deposit a top priority. Today's economy calls for agencies to save money wherever possible and state agencies serve a critical role in promoting direct deposit to their vendors, employees and other payees.

The cost of making payments with warrants compared to direct deposit is high. The cost is largely derived from the money, time and staff resources used in the process that begins with the warrant being issued at the Comptroller's office and ends with the warrant being received by mail by the vendor or other payee. According to a 1996 study originated by the Comptroller's office and verified by the National Automated Clearing House Association (NACHA), it costs \$1.80 for each state warrant (check) to be processed and mailed. A payment made by direct deposit and not by a mailed paper warrant saved the state \$1.80 per payment. According to NACHA, that cost in 2010 dollars is now \$2.87 – \$3.15 per payment. For a large agency that processes 40,000 warrants a month, potential annual savings to that agency and the state by using direct deposit is \$1.5 million.

The Comptroller's office supports state agency efforts by offering downloadable promotional materials through a *Texas Direct Deposit* website. A group of staff is also dedicated to helping state agency personnel understand and promote direct deposit. Tools offered via the website include a state-to-vendor payment search engine and fax line that provides vendors with access to information on non-confidential payments issued within the past 10, 20 or 30 days. Instructions for requesting a fax report can be heard 24-7 in

English or Spanish. The *Savings Calculator* is a simple tool for finding out how much an agency could save by making payments using direct deposit rather than warrants. Payment Services staff conducts agency visits and training, in part to work with an agency in communicating with its payees on where to direct questions about their payments.

Finally, the Comptroller's office was charged with oversight of the \$14.4 billion in American Recovery and Reinvestment Act (ARRA) stimulus funding received by the state for fiscal years 2009, 2010 and 2011. More than 60 state agencies and public institutions of higher education report to the Fiscal Management area weekly on the status of the funds. Funding is allocated across eleven categories: contracts, education, energy, environment, health and human services, housing and community development, labor, public safety, research, transportation and other.

At both the state and federal levels, transparency and accountability are critical to the recovery effort. The information gathered each week generates three stimulus tracking reports that provide additional transparency for ARRA activities in Texas. These reports are available to the public on the Comptroller's *American Recovery and Reinvestment Act: A Texas Eye on the Dollars* website:

- *Summary of Funds Received*: Includes federal revenues received to date by the respective agency or institution. Pass-through activity between agencies is not reflected. Pass-through activity includes interagency agreements to receive and disburse funds according to state and federal requirements.
- *State Agency Summary*: Includes amounts allocated or requested, awarded, received, obligated and disbursed by the respective agency or institution. Pass-through activity between agencies is reflected.
- *Federal Grant Summary*: Includes amounts allocated or requested by agencies or institutions and amounts awarded by the federal government. The allocated or requested amount and the awarded amount do not include pass-through activity between agencies. The totals reflected represent the total funds allocated or requested and the total funds awarded to date for the state of Texas by the federal government.

The website includes information, links and dollar amounts for potential ARRA funding opportunities, including competitive grants, grants distributed through preexisting formulas and loan programs. An interactive map displays ARRA activity in Texas counties as reported by recipients.

## Revenue Administration

The *Revenue Administration* area, including Revenue Processing, Account Maintenance and Revenue Accounting, collects and processes state revenue and distributes local sales tax collections to cities and counties. This area is also responsible for maintaining taxpayer accounts and processing tax payment exceptions and adjustments. Approximately 4.5 million payments, worth around \$43 billion, and 4.5 million tax return documents flow through the Revenue Administration area annually.

Although it is the agency's desire to conduct all taxpayer filing and paying transactions using automated means (Internet or telephone), many taxpayers still prefer to send paper returns through the mail. The agency has invested in technologies for the imaging and electronic capture of data from paper to allow faster processing of information and enable the more rapid receipt of revenue. For some time, the agency has had the capability to capture basic data from paper tax returns.

Starting with the implementation of the revised franchise tax in 2008, the area began utilizing a paperless workflow environment, in which all documents are imaged upon receipt and all edit and entry functions are performed from that image. Most taxes, including sales, crude oil and natural gas have been migrated to the new system. The agency will continue to add additional taxes to this enhanced imaging process to reduce the time and effort to process paper tax returns.

A program called WebFile allows taxpayers to file sales tax returns, franchise tax reports and extensions, cigarette delivery sales reports and retailer inventory reports online. By making tax filing more convenient, WebFile helps taxpayers save time and money, resulting in increased tax compliance and tax revenues.

Tax filing on the Web also allows the agency to cut down on manual work, workload, paperwork and clerical errors, resulting in significant productivity and efficiency gains. Once online, a taxpayer can complete a sales tax return and the computer checks the electronic form for errors and calculates the amount of tax due. The taxpayer has two payment options: by credit card or by electronic payment via the Texas Network for Electronic Transfers, better known as TEXNET.

Senate Bill 377, passed during the 2007 legislative session, lowered the threshold for mandatory electronic payments from \$100,000 to \$10,000 for certain taxes.



Taxpayers who paid a total of \$10,000 or more in a payment category during the preceding state fiscal year, Sept. 1 through Aug. 31, are required by law to electronically transmit payments to the Comptroller's office. All businesses who owe more than \$50,000 in other specified taxes are required to file their tax returns electronically.

Taxes affected by this law include Sales and Use, Natural Gas, Crude Oil, Franchise, Gasoline, Diesel Fuel, Hotel Occupancy, Insurance Premium, Mixed Beverage Gross Receipts and Motor Vehicle Rental. The requirement reduced the number of paper returns processed by over 1 million annually.

Currently there are 107,017 taxpayers enrolled in the electronic funds transfer system, with approximately 95 percent of all tax dollars remitted electronically. During the January 2010 peak, more than 262,000 taxpayers used electronic data interchange and WebFile to electronically file their taxes, including 75 percent of all sales tax monthly filers. The increasing number of electronic filers and payers has significantly reduced the handling and processing of paper reports and payments. In addition to depositing money in the Treasury faster, other benefits include the ability to allocate funds to local authorities more quickly, make data available within 24 hours and minimize human error.

## Treasury

The *Treasury* area, which includes Treasury Accounting, Cash and Securities Management, and Banking and Electronic Processing, oversees the cash management functions of the state. Responsibilities include forecasting, reconciling and depositing the state's revenues. Thousands of people, systems and institutions take part in Texas state banking. Texas issues 29 million payments a year — 16 million direct deposits and 13 million warrants. Billions of dollars move through hundreds of automated and manual processes. Transactions number in the millions, circling in and out of 400 banks and 1,200 bank accounts.

In the early days, the Treasury batched checks, called a bank about a deposit and sent the batch over for processing. There was no real order to where the checks went or when. Today, the Treasury processes each check to ensure the lowest cost and best availability of funds — at over 1,000 checks a minute. In fiscal 2009, the Treasury area performed over 14,000 bank account reconciliations, allocated approximately \$600 million in interest earnings, processed 9,141 wire transfers totaling approximately \$226 billion, monitored depository relationships with 320 approved depositories,

held approximately \$3.5 billion in securities for safekeeping and posted cash transactions to approximately 6,750 agency funds.

In addition, the Treasury, working with the Revenue Estimating and Fiscal Management areas, coordinates the sale of the state's short-term securities, known as Tax and Revenue Anticipation Notes (TRAN). Texas' TRANs have received the highest possible rating from each rating agency. For fiscal 2009, the Treasury issued \$6.4 billion in TRAN notes.

The Treasury area is also undergoing modernization. The existing Treasury system, which processes all state tax revenue, is written in an outdated software language and faced becoming a liability due to the loss of in-house systems operations knowledge (i.e., experienced personnel) and vendor system maintenance obsolescence. The Comptroller's office responded by placing a high priority on the replacement of the Treasury system.

Much progress has been made on the Treasury Rewrite project over the last two years, including a fit-gap analysis, the design and configuration of the system and the integration of monitoring the pooled collateral of public funds as required by legislators during the 81st legislative session. The new system will support all Treasury functions, including banking and electronic processing services, treasury accounting and cash and securities management and reporting.

## Texas Procurement and Support Services

The *Texas Procurement and Support Services (TPASS)* area awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors of a wide variety of goods and services, including minority- and women-owned businesses.

The TPASS area performs an assortment of purchasing operations and customer service that is core to state of Texas purchasing — ranging from administering the Centralized Master Bidders List (CMBL) to processing hundreds of bid invitations, tabulations and awards for all statewide term, Texas Multiple Award Schedules, or TXMAS, and open market contracts.

TPASS also works with the agency's Strategic Sourcing area to improve the state's procurement practices to maximize buying power and implement best value procurements.

The contract management team actively engages in continuous process improvement to identify strategies for reducing costs or gaining efficiencies for major categories of state contract expenditures. Analysis is directly applied in developing and implementing sourcing initiatives for statewide contracting and for ensuring adherence to legal requirements and best practices for contract management.

Daily statewide procurement operations include:

- Administering over 200 statewide term contracts and procurement schedules representing several thousand line items of products/services;
- Providing information and customer service related to statewide purchasing processes as well as the CMBL and the state of Texas Cooperative Purchasing (CO-OP) program, which provides state of Texas volume purchasing power to local governments and assistance organizations;
- Processing open market requisitions (including school buses) on behalf of 200 state agencies and over 1,900 CO-OP members, consisting of schools, cities, counties and other government entities, many of whom have limited budgets and use the state's buying power and purchasing expertise to get the best values for their organizations;
- Conducting outreach to vendors, state agencies and local governments at state trade shows and conferences; and
- Managing the statewide purchasing system, the Electronic State Business Daily and the Purchasing Web Applications portal plus user support for these systems.

A variety of functions assist the contracting community, including processing and reviewing major contract solicitations as the lead agency on the Contract Advisory Team, processing requests for delegated purchasing authority and managing and revising the Contract Management Guide.

Other TPASS programs include:

- **Training and Certification** – The statewide training and certification program meets the training requirements and professional development needs of the state's procurement and contracting professionals. Any state employee engaged in state purchasing should receive training towards certification as a Certified Texas Purchaser or as a Certified Texas Procurement Manager. The TPASS Training and Certification team develops curriculum, delivers training, manages a database to track the certification and recertification requirements

of state contracting and procurement professionals, manages contracts for contracted training services and ensures the integrity of the certification and testing process.

- **State Credit Card, Travel and Vehicle Management** – The state credit card, travel and vehicle management program manages the day-to-day operations and needs of the statewide credit card, travel and vehicle users, including statewide corporate travel and procurement cards and fuel cards for fleet vehicles; contracts for airfare, hotels and rental cars; travel agency reservation services; and oversight of the state's vehicle fleet.
- **State Mail Operations** – TPASS mail operations provide state mail services contract administration; state contract development in conjunction with the Council on Competitive Government; mail equipment and service reviews and consultations, including analysis, information, tracking, specification assistance, bid evaluations, pre-bid conferences, cost-benefit analysis and related administrative duties; development and distribution of guidelines; mail operation evaluations; training; and coordination with the United States Postal Service.
- **Statewide Historically Underutilized Business Program (HUB)** – HUB staff promote and support the HUB program by providing education and outreach to minority and women-owned businesses; administering the certification and compliance functions; assisting state agencies and institutions of higher education with training, planning and implementing HUB education and outreach efforts; developing and administering HUB rules and statutes to ensure full and equal access to state procurement opportunities for minority and women-owned businesses; and compiling and reporting the state's HUB expenditures and contract awards to the Legislature semi-annually.

## Strategic Sourcing and Contract Monitoring

The strategic sourcing initiative began as a collaborative effort to apply industry best practices to the state of Texas procurement process. Conducted by a cross-section of agency divisions, including Texas Procurement and Support Services, Innovation and Technology, Fiscal Management and the Council on Competitive Government, five purchasing categories were selected for the first phase of the strategic sourcing effort, which was highly successful in identifying improved procurement efficiencies.

To continue and expand the effort, *Strategic Sourcing and Contract Monitoring* was formed in February 2009 to implement strategic sourcing initiatives and maximize the state's buying power through improved procurement practices, resulting in:

- increased quality and service;
- reduced total cost of goods and services;
- improved relationships with contracted vendors; and
- simple requisition-through-payment processes.

In conjunction with this effort, the agency developed Texas Smart Buy, an online shopping cart system that Texas state agencies and eligible local government entities can use to purchase goods and services from state contracts. The online shopping cart system has saved time and created efficiencies for buyers and sellers via the elimination of paper mailings of purchase orders and other manual processing steps.

Customers are able to easily search and browse contractor e-catalogs for price and product information and use comparison tools to review price and product details side by side for best value. Purchasers experience a reduced cycle time for orders that previously took four to five days, dependent on delivery time by the U.S. Postal Service. Contractors receive purchase orders immediately with no waiting. The Texas Smart Buy system also allows strategic sourcing specialists to analyze procurement data at a much greater level of detail through the ability to aggregate, cleanse, classify and analyze spending data to identify further sourcing opportunities for the state.

To date, the strategic sourcing initiatives have been able to save a projected \$50.8 million annually through various contracts. Contracts underway include:

1. **Mail Services** – Renegotiating the original awards for this category resulted in the renewal of only two vendors and produced an additional \$2.3 million in savings over previous contract pricing. In addition, the process resulted in the creation of fifty new jobs in Texas.
2. **Food** – Rebidding the contract due to an analysis of significant market changes resulted in annualized savings of \$15.2 million.
3. **Merchant Card Services** – Establishing a new statewide term contract for merchant card services resulted in a 35.8 percent savings over previous pricing.
4. **Office Equipment** – Standardizing copier configurations and negotiating fixed pricing are estimated to save

over \$33 million, or 36 percent, over the next three years.

5. **Mail Equipment** – Entering into a cost savings initiative with the awarded vendor will produce additional dollar savings in postage costs.

Partnerships with other agencies offer unlimited opportunities for savings. Strategic Sourcing and Contract Monitoring is currently partnering with the Health and Human Services Commission to competitively procure incontinence supplies. When completed, the project will be the first of its kind in the state to utilize procurement best practices in establishing reimbursement rates for Medicaid services.

Contract monitors conduct risk assessments of both agency and statewide contracts. A Vendor Performance Tracking System (VPTS) is used to automate the compilation of vendor performance data to allow for monitoring and auditing. Unresolved contract-related discrepancies are investigated.

Additionally, the Comptroller's office, in consultation with the Office of the Attorney General, the Department of Information Resources and the State Auditor's Office (SAO), developed and periodically updates the Contract Management Guide (CMG) for use by state agencies. The CMG provides practical suggestions, as well as best practices, to improve agency contracting practices. The SAO is required to periodically monitor agencies for CMG compliance and report any non-compliance to the state's leadership and the Contract Advisory Team.

## Revenue Estimating

The Comptroller's office is responsible for reporting the state's financial condition to the Legislature at the end of each fiscal year and providing estimates of revenue for the coming year. *Revenue Estimating* monitors and reports on the condition of the Texas economy, projects the state's cash flow position and produces fiscal analyses of legislation, administrative rules and other proposals affecting state revenue.

Revenue Estimating submits the *Biennial Revenue Estimate* to the Legislature in January of every odd-numbered year. Following each regular legislative session, Revenue Estimating reviews the appropriations made, as well as all other legislation affecting revenues and expenditures, to produce a second revenue estimate, known as the *Certification Revenue Estimate*.

The area produces two complementary reports for the Legislature, the Governor and other interested parties: *Sources of Revenue Growth*, which analyzes the factors behind state tax and fee revenue changes, and *Tax Exemptions and Tax Incidence*, which provides estimates of the value of each exemption, exclusion, special rate, deduction and discount available for the state's largest taxes and the school property tax. The latter report also provides an estimate of the incidence (i.e., who pays) for each of these taxes and the incidence of each major exemption available for the tax.

During legislative sessions, the Legislative Budget Board requests fiscal impact analyses, or fiscal notes, of legislation that could affect state revenues. Revenue Estimating coordinates the production and review of all state-level fiscal notes. During a typical legislative session, the area produces over 1,000 legislative fiscal notes and related estimates or analyses.

The area also assists with the *Annual Cash Report* and the *Comprehensive Annual Financial Report* and plays a key role in the state's annual sale of short-term debt securities, known as Tax and Revenue Anticipation Notes (TRAN). Revenue Estimating, working with the Treasury and Fiscal Management areas, prepares cash flow, revenue and economic projections supporting the TRAN sale, as well as tables, charts and commentary for use in the prospectus documents reviewed by the major bond rating agencies in New York. Each quarter, when the agency updates the appendices accompanying each state bond proposal, the area assists by revising the package's fiscal, economic and demographic information.

Revenue Estimating shares its analyses and products through contributions to the agency's *Fiscal Notes* newsletter, via the *Window on State Government* website and by responding to requests from the public via letter, telephone and email. The dissemination of analyses and information has increased the area's visibility as a key source for Texas fiscal and economic data.

## Property Tax Assistance

*Property Tax Assistance* prepares the annual Property Value Study, which estimates the taxable value of all property in the state's school districts to determine funding allocations. Field appraisers inspect properties, verify the condition and description of property that sells, obtain warranty deed information from county clerks and collect sales data from multiple listing services, real estate brokers and fee appraisers. The area also maintains the Property Tax Code

and legal manuals and provides advice and information on property tax issues. Property Tax Assistance administers the Permanent University Fund property taxes, the economic development refund and the tax abatement registry.

Property Tax Assistance field staff began reviews of 128 appraisal districts on Jan. 1, 2010 as part of the Methods and Assistance Program (MAP) review process enacted by the 81st Legislature. Approximately one-half of the county appraisal districts will be reviewed each year to ensure greater uniformity of appraisal and accountability. Review results will be sent to the Texas Department of Licensing and Regulation for enforcement.

As part of its commitment to assisting property owners and local governmental entities, Property Tax Assistance maintains constant contact with taxpayers and local government officials involved in property appraisal and property tax administration. During the first quarter of 2010, Property Tax Assistance mailed more than one million publications to taxpayers; the area's website received more than 800,000 visits; Information Services staff provided telephone assistance to 10,715 callers; nearly 5,000 taxpayers and officials received assistance via e-mail or fax; and Property Tax Assistance sent more than 2,000 letters providing information.

Other outreach efforts include a continuous review and update of publications, both in print and on the website, so that readers can retrieve and search data electronically. The website is updated weekly to include new features and additional resources. Online videos are available to assist homeowners and small business owners who may want to protest their values before appraisal review boards, train directors of appraisal districts and provide guidance on rate setting, or "truth-in-taxation," laws. The website serves as a repository of information, including county reappraisal plans, appraisal review board procedures, personnel policies, appraisal manuals, land schedules and other documents created locally.

More than 2,000 local appraisal review board members (ARB) received training in a nine-week period in fiscal 2010 – three times the number trained in the previous year – due to a new legislative mandate requiring all board members to receive annual training administered by the Comptroller's office. One thousand ARB members participated in two statewide telecasts held at regional education service centers.

Property Tax Assistance also participates in or hosts a number of outreach conferences and meetings, including:



- MAP training sessions;
- Texas Department of Licensing and Regulation test approval meetings;
- Texas Association of Assessing Officers meetings;
- arbitration meetings; and
- regional agricultural appraisal meetings.

## Local Government Assistance and Economic Development

*Local Government Assistance and Economic Development* is responsible for providing assistance to local governments. Local Government Assistance (LGA) provides education on tax issues and programs that facilitate economic development efforts at the local and state level; serves as a turn-key information center for local governments; provides education and direct assistance to local governments that allows them to operate more effectively and efficiently, with emphasis on promoting best practices and regional governance; and facilitates the exchange of information among cities, counties, economic development practitioners and special purpose districts. Both the *Texas Ahead* and *Texas Transparency* websites provide local governments with numerous tools to aid local development efforts.

LGA provides local officials with the expertise of a team of analysts who can answer questions on a wide variety of issues related to state law and financial management. Analysts stay informed on relevant state and federal laws and can update cities, counties and special districts on important tax and other legislative changes.

LGA analysts can provide answers or a source of information on topics such as:

- accounting, auditing, and budgeting
- internal controls
- purchasing
- court costs, fines, and fees
- local sales tax options
- officials' legal duties and responsibilities
- local government resources available on the Internet
- economic impacts
- state and local economic data

In addition to answering questions and providing information sources, LGA also offers:

- presentations and regional workshops on a variety of topics, including local sales tax options, sound financial management practices and court cost fees and fines;
- informational exhibits at conferences;

- guest speakers for community roundtable discussions and workshops;
- Local Government Management Assessments (LGMAs) to help local officials improve their operational efficiency and effectiveness; and
- Control Self-Assessments designed to help local governments identify and control risks within their organizations.

LGA publishes informational brochures and manuals on a broad range of topics including:

- Sheriffs' and Constables' Fee Manual
- Economic Development Corporation Report
- Texas State Expenditures by County
- Community Reinvestment in Texas
- Report on the Physician Education Loan Repayment Program
- Texas Annual Cash Report, Major Cities in Review
- Report of the Texas Economic Development Act
- Economic Development Web Report

Analysts contribute to the *Texas Rising* newsletter, which is packed with information, insight and analysis on vital economic development topics. Staff also assists local governments by responding to requests for information through the Texas EDGE Data Center. During fiscal 2010 to date, the area provided more than 1,020 responses to requests for assistance by local governments and received over 122,000 requests for information by local governments, businesses and internal customers.

In December 2009, the agency launched the Texas Comptroller Leadership Circle program to recognize local governments across Texas that meet a high standard for financial transparency online. A free, self-scoring process, verified by LGA, is available to local governments. Leadership Circle designees receive a certificate reflecting their Circle Award level: Gold, Silver or Bronze.

LGA is also working in collaboration with Strategic Sourcing to further develop and market the procurement opportunities offered by the agency. Current local government relationships, through the regional representatives, will be leveraged for both potential programmatic enhancements and for outreach efforts to both state and local government entities.

## Research and Analysis

*Research and Analysis* supports the agency's role as the state's revenue estimator and chief tax collector by providing

local, regional and statewide analysis of trends in employment industries, population and economic activity. These trends are also considered when preparing replies to legislative requests for fiscal information and bill analysis.

The area analyzes state government expenditures and various policy issues that may have an impact on the fiscal condition of the state. Research and Analysis works closely with other areas within the agency to produce publications, presentations and reports provided to the Legislature to assist in making policy decisions.

In March 2010, Research and Analysis published *Texas in Focus: The Gulf Coast Region*, the eighth in a series of regional economic reports. The recently published *Diagnosis: Cost – An Initial Look at the Federal Health Care Legislation's Impact on Texas* examines the far-reaching effects of federal health care legislation on the state's budget, citizens, businesses and economy.

In fall 2010, Research and Analysis will publish a larger report examining the effects of health care spending on Texas finances. This report will capture the total costs to the state of health care, including direct health-related services and the accompanying administrative costs. The report will also provide in-depth analysis of factors driving the cost of health care and examine regional differences in costs in the Employees Retirement System and Medicaid.

House Bill 3, passed by the 81st Legislature, Regular Session, 2009 charged the Comptroller's office with identifying school districts and campuses that use resource allocation practices that contribute to high academic achievement and cost-effective operations. Working with consultants from UT-Dallas, Texas A&M and UT-Austin, the area has developed preliminary methodologies to measure academic and financial performance.

Research and Analysis hosted a series of meetings with the Comptroller and various stakeholder groups to gather input. Three technical advisory teams and two peer review teams have been appointed to provide methodological advice and review.

The Financial Allocation Study for Texas (FAST), scheduled to be released in the fall of 2010, will include cutting-edge research integrating academic performance measures with financial data to identify school districts and campuses that combine high academic achievement and cost-effective operations. An interactive web tool will allow users to group

districts and campuses in a variety of ways and to compare them across multiple performance indicators.

## Public Outreach and Strategies

*Public Outreach and Strategies* supports the Comptroller's role as the state's revenue estimator and chief tax collector by providing clear and accurate information to state officials, educators, students, business leaders and the general public. The area maintains the *Window on State Government*, one of the oldest and most comprehensive state agency websites; provides data to taxpayers; and maintains one of the most wide-ranging research libraries in state government. As the number and expectations of web users continue to expand along with the increasing availability of access to the web and new technologies, the area has become more aggressive in investigating web applications and data gathering applications, hardware, software and techniques to improve the quality, variety and depth of online offerings.

Agency support is provided through special events, the production and distribution of publications, geographic information system technologies, grassroots outreach, web design and content management, preparation of open records computer data requests and electronic reports, Spanish translations, verbal and telephone contacts, electronic mail and correspondence. The Comptroller's office is highly regarded as a valuable source of information about Texas state government and the Texas economy. Throughout the United States, public officials, the general public and news media rely on the Comptroller's office for a wide variety of data concerning state government activities including state tax collections and statistics on taxpaying businesses.

Through the dissemination of information, best practices and ideas, the Comptroller's office strives to assist taxpayers and the people of Texas. Contributors scour a wide array of magazines, newspapers, journals and websites for ideas to benefit state and local governments, educators and interested citizens. The area's web team is responsible for the quality of the agency's web sites, including *Window on State Government*; *TexasAhead*; *Every Chance, Every Texan*; *Get a Life*; and *Texas Transparency*.

The area's editorial and graphics teams regularly develop and produce three award-winning publications. *Fiscal Notes* is a monthly, informative review of trends and events affecting the Texas economy. The teams work closely with the Local Government Assistance and Economic Development area to produce *Texas Rising*, which offers resources, information and analysis on vital economic topics for local

governments and economic developers. Published six times a year, *Texas Rising* spotlights best practices in local government and shares success stories of local governments setting the bar in transparency. The *Texas Rising* newsletter's online counterpart offers expanded stories from each print issue along with web-exclusive articles.

*Texas Innovator* is a quarterly publication that examines new breakthroughs and innovative ideas from the worlds of science, government and business, with a focus on inventions made by Texans. In 2010, *Texas Innovator* relaunched into an online resource that features timely technology industry news, video and interviews about the forces that are driving successful business innovations across the state and nation. The redeveloped *Texas Innovator* website will better reach its target audience through optimized integration, e-mail delivery and social media bookmarks and sharing tools.

In addition to the three main publications, the editorial team is heavily involved in researching, writing and/or editing agency reports, including the *Texas In Focus* reports, *Community Reinvestment in Texas* and the *Fiscal 2009 Historically Underutilized Business Education and Outreach* report. The team provides web content and drafts correspondence and marketing materials for the Unclaimed Property Outreach Team as well as the Texas Tuition Promise Fund Team and Texas Match the Promise Foundation. In June 2009, the editorial team assumed e-communications responsibility for the agency, including management of the agency's Twitter feed, which provides real-time updates on economic news, features and data.

The area's State Energy Conservation Office (SECO) stimulus outreach team is responsible for creating a focused public education campaign to encourage renewable energy use and support energy efficiency efforts. The goal of the program is to educate consumers through grassroots outreach about ways to contribute to energy and cost savings. These efforts require close coordination with the SECO stimulus office.

Public Outreach also orchestrates the agency's unclaimed property grassroots effort. Two marketing specialists distribute unclaimed property information throughout the state, which currently holds more than \$2 billion in unclaimed property. The grassroots outreach effort successfully assists many Texans with the claims process. Public Outreach also assists in the promotion of the 529 Texas College Savings Plan and the Texas Tuition Promise Fund by advertising these investment plans to all demographic and market segments.

## Unclaimed Property

*Unclaimed Property* administers the Texas Unclaimed Property Program. One in four Texans has unclaimed property from forgotten bank accounts, uncashed checks, security deposits and utility refunds. Currently, more than \$2 billion in cash and other property is being held, waiting for the rightful owners to claim it.

Businesses, financial institutions and government entities remit property that is presumed abandoned. These organizations, including courts, insurance companies, brokerage firms and utility companies, are required by statute to provide annual reports on abandoned properties. Abandoned safe deposit box contents and safekeeping items are remitted to the state, inventoried and stored in a vault. The contents are sold online using e-Bay and the proceeds from the sales are returned to the owners when the property is claimed.

Due to expanded outreach efforts, over \$147 million was returned in fiscal 2009, about \$24 million more than in 2008. Various outreach efforts are conducted, including participation in MissingMoney.com, a national unclaimed property database. Visitors to the site can conduct free searches on a single, easy to use website and search the databases of the participating states rather than conducting separate searches on each state's site. From April 1, 2009 – March 31, 2010 over 3.6 million searches were made on Texas properties listed on MissingMoney.com. From those 3.6 million searches, over 264,500 claims were generated.

In fiscal 2009, the agency added contract claims processors at a vendor location in the Northeast. As of April 2010, the claims processing group has processed over 46,000 claims valued at over \$45 million dollars. The amount of money returned through the contract is 51 percent of the total money returned to date in fiscal 2010.

The annual Unclaimed Property publication also underwent a change in fiscal 2010. Instead of publishing once a year, regional publications over a five month span were piloted. Results indicate the publications were a resounding success: 60 percent more claims, worth 67 percent more potential dollars returned, were processed.

In early 2009, Unclaimed Property began a project to work closely with Local Government Assistance and Economic Development (Local Government) to identify properties reported in the names of cities, counties and independent school districts (ISDs). Local Government staff contacts the entities and establishes a contact with the authority to claim on behalf of the entity. Over 720 claims,

valued at over \$2,575,292, have been approved and paid as of April 2010.

Finally, “Claim It” events throughout the state and the *Claim It Texas* website provide additional outlets for Texans to reclaim what is rightfully theirs.

## General Counsel

The *General Counsel* represents the agency in administrative hearings on tax matters and provides legal counsel and research to the agency. During the hearings process, fair, accurate and consistent decisions provide taxpayers with the information they need to make responsible decisions about their tax obligations. Cases may include denials and proposed suspensions and revocations of motor-fuels permits and custom brokers’ licenses, as well as taxpayers’ claims for refunds and requests for redetermination of audit assessments.

The General Counsel area studies the underlying audits, refund requests or penalty and interest waiver requests, investigates and develops evidence and presents the agency’s cases to the Administrative Law Judges at the State Office of Administrative Hearings, either through oral argument or written submission. When the Comptroller’s office is involved in litigation—either as a party or non-party to the suit—the area addresses litigation needs and questions, works with the Office of the Attorney General and monitors the progress of pending court cases.

The General Counsel’s Open Records area serves as the agency’s public information coordinator and the primary authority for public information and privacy issues. In fiscal 2009, over 12,000 requests for information were processed by Open Records.

## Criminal Investigations

*Criminal Investigations* investigates criminal violations involving state tax money. Criminal Investigations’ licensed peace officers use the criminal provisions in the Texas Tax Code as well as the Texas Penal Code and other statutes. The numerous state taxes and funds administered by the Comptroller’s office present the agency’s criminal investigators with a wide area of jurisdiction.

In conjunction with Audit, Criminal Investigations detects, investigates and seeks prosecution of tax-related fraud. The agency’s criminal investigators also work with local, state and federal law enforcement agencies in a variety of ways:

- **Case resource** – Under Texas Tax Code §111.006(e) and other statutory authority, agency investigators can assist law enforcement in obtaining certain types of information held by the Comptroller’s office.
- **Case referral** – Case referrals are accepted from other law enforcement agencies, which may occur when a law enforcement agency receives a tax-related case requiring agency expertise.
- **Case investigation** – When an active criminal investigation develops a state tax angle, agency investigators are available to assist the primary agency with the case.

The most common criminal cases include evasion of motor vehicle taxes by falsification of motor vehicle title applications and/or failure to transfer titles on motor vehicle sales; cigarette and tobacco tax violations; motor fuels tax violations; and general sales and use tax violations.

## Innovation and Technology

*Innovation and Technology* administers the agency’s computer infrastructure, including mainframe resources, network systems, operating systems, software applications and databases. Comprised of several divisions managed by the agency’s Director of Innovation and Chief Technology Officer, the Innovation and Technology area provides new and improved technologies that reliably allow its customers access to more online services and information at a lower cost.

The Project Management Office (PMO) leads and oversees the agency’s Innovation and Technology projects. The PMO also sets standards, provides tools and advocates project management best practices for the agency.

The Business Process and Requirements Management division works with other areas of the agency to ensure operations are as effective as possible through the use of efficient business processes and requirements for automated systems and tools.

This division identifies and documents opportunities for improvement, facilitates analysis meetings to develop solutions, gathers requirements for enhancements and new systems and helps with customer acceptance testing to meet business needs.

The Software Development division develops and supports the agency’s application systems. Software Development staff analyze, design, program, test, implement and maintain applications and databases on a variety of platforms in support of agency functions, including treasury



operations, tax collections and allocations, statewide financial systems, business intelligence and procurement.

The Infrastructure division supports the flow and processing of information by using physical hardware to interconnect computers and users through voice and data networks. This division implements infrastructure to support a growing customer base, provide technical support and maintain the health and efficiency of all systems. Activities include planning, managing, securing and supporting the agency's data and voice networks, servers and data storage, end-user hardware and data center operations.

The Information Resources Planning, Budgeting and Contracting (IRPBC) division provides centralized administrative management for the Innovation and Technology area.

The Innovation and Technology area is currently overseeing several major initiatives, including the:

- **Technology Modernization Initiative:** Moving tax-related systems to new technologies to increase the efficiency and effectiveness of related business processes, including registering, filing and paying returns, providing refunds, collecting delinquent revenue and auditing taxpayers. Taxes collected by the Comptroller's office are the primary source of revenue for funding programs across the state.
- **Statewide Enterprise Resource Planning Project (ERP):** Implementing financial, human resources and payroll solutions for the state of Texas. ERP will create an opportunity for agencies and institutions of higher-education to synchronize the flow of critical information and reduce costs.
- **Business Intelligence Initiative:** Implementing data and reporting solutions to meet the demand for timely, accurate and actionable information; laying the foundation for a flexible, scalable and efficient data warehouse to serve as a central repository for financial and operational data; and making information available to the public to increase transparency. With information readily available, state agency managers will be able to make timely and informed decisions about staffing resources.
- **Treasury Rewrite:** Replacing outdated systems supporting Treasury operations with new technology to improve efficiency and minimize security risks by reducing or eliminating time-consuming manual processes, manual reconciliation and duplicate data entry and paper processing.
- **Enhance Procurement Systems Project:** Implementing enhanced procurement systems to improve customer

(state agencies and local governments) satisfaction by making it easier to process purchase orders through statewide procurement systems and provide lower prices on strategically sourced state contracts.

## Legislative Affairs

*Legislative Affairs* provides a variety of information services to Texas taxpayers, members of the Legislature, local government officials and business and civic leaders. The group serves as the principal point of contact for legislators and legislative staff.

Legislative Affairs prepares the agency's bill proposals, screens all filed legislation to determine agency impact and costs; assists with the preparation, distribution and tracking of agency fiscal notes; monitors the Legislature including floor debate, committee hearings, press conferences and state agency hearings during the legislative session and interim; disseminates bills and legislative information within the agency; coordinates the agency-wide implementation of enacted legislation; compiles the *Legislative Wrap-Up* of key legislation passed during regular and special sessions; and assists the Comptroller and agency with special reports, research and analyses relating to public policy development, trends and implementation.

During fiscal 2010, the area moved to a new web based legislative contact system that allows staff to search previous contacts, minimize key strokes and expedite legislative requests. Approximately 1,000 contacts from legislative offices have been fielded thus far regarding legislation passed by the 81st Legislature.

## Internal Audit

*Internal Audit*, by independently and objectively evaluating agency programs and recommending improvements, plays a key role in ensuring the reliability, effectiveness, integrity and efficiency of financial and operational information, safeguarding assets and complying with laws, regulations and contracts. Internal Audit utilizes the enterprise risk management (ERM) process conducted by Information Security to ensure that its annual audit plan focuses audit resources on the overall goals and objectives of the agency, while concentrating on the agency's high risk processes.

Various types of audits are conducted, including financial, information system, economy and efficiency, compliance and effectiveness. Internal Audit also participates in special projects and coordinates all audits and requests made by the State Auditor and other external auditors.

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## Information Security

*Information Security* conducts risk management analyses to ensure the agency's mission-critical functions, strategic plans and supporting technologies are protected against disruption, abuse, breaches of confidentiality and loss of integrity. The Enterprise Risk Management process identifies, assesses, controls and monitors operational and security risk in relation to the agency's strategic goals and objectives, including the assessment of risks and controls required to protect assets and the agency. Information Security assists division management in identifying and prioritizing risks by conducting an annual web-based survey that captures information relating to a division's:

- internal control environment
- key process risk analysis
- business continuity planning
- business impact analysis

The information is gathered from all levels of the agency and kept in a repository for use by Information Security, Internal Audit and the Business Process and Requirements Management division.

## Communications

*Communications* is the agency's direct link with the news media. Services include news releases, public service announcements, graphics and reports. The area also organizes media tours, news events and press conferences and seeks to broaden public access and awareness of information from the Comptroller's office. Communications assists other areas of the agency with publications and articles, including a bilingual news web page. Monthly news graphics are provided in both Spanish and English.

## Agency Administration

*Agency Administration* supports the day-to-day operations and needs of the agency. Administrative services provided include agency budgeting, internal accounting, business planning, training, copying, human resources, purchasing, facilities management, document processing, records management and other support services. Although a support function, Agency Administration is responsible for providing services and data critical to the agency's operations. All procurements, including those from Historically Underutilized Businesses (HUBs), are handled by Agency Administration. The area's records management program oversees the agency's records and disseminates information concerning administrative rules, state laws and agency poli-

cies and procedures relating to the management and retention of state records.

Agency Administration also produces a number of agency reports, including the *Annual Financial Report*, the *Legislative Appropriations Request*, quarterly and annual performance reports to the Legislative Budget Board and Governor's Office, HUB reports, Equal Employment Opportunity reports and the *Agency Work Force Plan*.

## Special Programs

In addition to tax collection and fiscal management responsibilities, a number of special programs are managed by the Comptroller's office.

## Educational Opportunities and Investments

*Educational Opportunities and Investments* manages the state's Texas Guaranteed Tuition Plan; the LoneStar 529 College Savings Plan; the Texas College Savings Plan; the Texas Tuition Promise Fund; the Texas Match the Promise Foundation; and the Jobs and Education for Texans (JET) program.

House Bill 1214, passed by the 74th Legislature in 1995, established a prepaid higher education tuition program, the Texas Guaranteed Tuition Plan. Although the plan was closed to new enrollments in 2003, continuing responsibilities include establishing plan rates, collecting payments from plan contract holders, disbursing funds to colleges and universities for tuition payments and issuing refunds in the event of plan cancellations or terminations.

Senate Bill 555, passed by the 77th Legislature in 2001, established a second plan allowing individuals to save money for qualified higher education expenses by establishing a 529 savings trust account. There are two plans available in the college savings program, including the LoneStar 529 Plan, sold by advisors, and the Texas College Savings Plan, sold directly.

House Bill 3900, passed by the 80th Legislature in 2007, established a new prepaid tuition plan that began selling contracts Sept. 1, 2008. Through the Texas Tuition Promise Fund, a person may prepay all or part of a beneficiary's college tuition and mandatory fees by purchasing tuition units that the beneficiary may apply to the payment of undergraduate tuition and fees at a particular institution.

Individuals and companies can make donations to the Texas Match the Promise Foundation to be used to supple-

ment the college savings of families with prepaid tuition accounts in the Texas Tuition Promise Fund. Donations will provide matching scholarships to students with demonstrated needs. Agency staff is responsible for reviewing and summarizing scholarship applications for the Foundation.

House Bill 3 and House Bill 1935, passed by the 81st Legislature in 2009, established the JET program. Under the program, the Comptroller's office has awarded \$14.6 million to date in grants and scholarships to nonprofit organizations and public and technical colleges and provided scholarships to low income students to meet training needs related to high demand occupations. A monitoring program will be fully implemented during fiscal 2011 to ensure that JET funds are spent in accordance with contract requirements. Methodology will be developed to report the program's actual and projected economic impact on the state.

The Educational Opportunities and Investments area provides customer service in a variety of ways. A call center operates eight hours a day, five days a week via a toll-free line to respond to contract owner inquiries, requests for account changes, requests for cancellations and requests for changes in owner/beneficiary designations. Outreach efforts are conducted in conjunction with the Public Outreach area to provide information about prepaid tuition and college savings programs. Two websites, *Every Chance, Every Texan*, a college planning and savings and workforce portal and *Get a Life*, a site for middle school students exploring careers, provide useful tools and information on the various programs available to Texas citizens.

### **Texas Council on Competitive Government**

The *Texas Council on Competitive Government (CCG)* was created by the state leadership to examine competitive alternatives to existing government processes. Composed of representatives from the state's leadership offices, staff resides within the Comptroller's office. CCG is empowered to initiate competitive reviews, study opportunities through feasibility reviews and determine the need to apply accelerated procurement processes and establish contracts to transform the delivery of government services.

CCG seeks to encourage competition, innovation and creativity in providing state services in order to improve the quality and cost-effectiveness of those services through a broad mandate to pursue innovative contracts on behalf of the state. The Council maintains a portfolio of contracts, including document imaging services, a retail fuel card program, geographic information services and mail services.

Initiatives undertaken by CCG leverage innovative practices from both the private and public sectors to achieve savings, improve capacity, speed and efficiency and increase transparency to advance a government centered on citizens. These five principles establish a basis for evaluation, planning and performance measurement:

- Achieve Savings
  - Provide actual refundable savings
  - Reduce expenditure needs
  - Avoid costs
  - Provide redirectable funds
  - Maximize federal funds
  - Reduce FTEs
- Improve Capacity
  - Increase service delivery capacity
  - Decrease exposure to service interruptions
  - Eliminate redundant efforts or resource allocation
  - Improve application of human resources to complex problems
  - Improve ability to do future workforce planning
- Increase Speed and Efficiency
  - Accelerate government transactions
  - Reduce delay in cross governmental interactions
  - Allow for faster, more informed decision-making
  - Eliminate ineffective approaches through process reengineering
- Increase Transparency
  - Reveal true costs of activities
  - Drive predictable costs
  - Increase the capacity of policy to direct expenditures
  - Improve auditability and accountability
- Center on Citizens
  - Offer simplified, understandable government
  - Present new opportunities for self service
  - Provide new opportunities to stay aware of changes that affect a citizen on an individual basis
  - Offer services that effectively leverage current private sector advances in customer service

One initiative currently underway is an agreement between CCG, the Texas State Preservation Board and car2go, a subsidiary of Daimler AG, to pilot a car sharing program for state agencies and state employees in the Austin/Travis County area. Under the agreement, registered state agencies and state employees may use the car2go services at the published rates. CCG will work with certain state agencies to broadly test this service, track usage and determine the long term viability of a car sharing program.

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## Texas Treasury Safekeeping Trust Company

The *Texas Treasury Safekeeping Trust Company (Trust Company)* is a special-purpose trust company that manages, safeguards and invests public funds and securities belonging to the state of Texas, its agencies and local political subdivisions of the state. The Trust Company's status as a special-purpose trust company provides the Comptroller's office direct access to services provided by the Federal Reserve System and enables the Comptroller to achieve the highest return at the lowest cost to the state.

By obtaining direct access to services provided by the Federal Reserve, the state of Texas does not have to pay commercial banks to provide these services, thus saving millions in fees for the state. The Trust Company is only one of two state-owned trust companies with direct access to the Federal Reserve System.

The Trust Company's total managed funds, including pooled funds, exceeded \$50 billion as of August 31, 2009. Investments include cash-equivalent funds such as the Texas Treasury Pool and separately managed portfolios for various Texas state agency clients. The Trust Company oversees the state's two largest Local Government Investment Pools: TexPool and TexPool Prime. TexPool and TexPool Prime were created on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity and yield consistent with the Public Funds Investment Act. TexPool and TexPool Prime currently provide investment services to over 2,000 local jurisdictions throughout the state.

The Trust Company also manages 12 separate endowment funds with assets totaling over \$2.5 billion. Endowment portfolios are invested across a broad spectrum of asset classes, ranging from traditional fixed-income and long-only equity investments to hedge funds, private equity and real estate. The funds are invested in a diversified manner designed to preserve the purchasing power of the funds' assets and provide a stable and growing distribution to beneficiaries. The distributed funds are used by governmental entities to provide funding for health care, health education, higher education and historic preservation.

Treasury earnings were \$606.4 million in fiscal 2009, while TexPool earnings were \$198.4 million for the same period.

## State Energy Conservation Office

The *State Energy Conservation Office (SECO)* administers and delivers a variety of energy efficiency and renewable

energy programs that significantly impact energy cost and consumption in the institutional, industrial, transportation and residential sectors. Beneficiaries of these services include state agencies, public schools, city and county governments, institutions of higher education, private industries, electric and gas utilities and residential energy consumers.

The Texas LoanSTAR (Saving Taxes and Resources) Program, which has served as a national model for state and federal loan programs for energy efficiency retrofits, is SECO's most highly visible program. Legislatively mandated to be funded at a minimum of \$95 million, to date the program has saved Texas taxpayers over \$294 million through energy efficiency projects financed for state agencies, institutions of higher education, school districts and local governments.

The Schools/Local Government Energy Program has helped more than 3,600 schools and other units of local government set up and maintain effective energy-efficiency programs. SECO provides facility preliminary energy assessments, energy management training workshops, technical support in designing new facilities and on-site training for student energy awareness projects. Over 76 preliminary energy assessments were conducted in fiscal 2009, with more than \$3.8 million in potential annual energy savings identified. Clean energy technologies are demonstrated at public facilities and school districts to increase awareness and address air quality at the community level. Texas schools also employ the computer power management software that puts monitors to "sleep" when not in use. Over 136,000 school computers now use this software, saving 42 million kWh and reducing energy costs by \$3 million annually.

The Innovative Energy Program promotes the use of renewable energy and sustainable building practices through technology demonstration, hands-on instruction and renewable energy education. SECO increases public awareness of Texas' vast renewable energy resources and provides the public better access to vendors, financing options and renewable energy incentives through its educational website, *The Infinite Power of Texas*.

Other SECO programs include the Energy Education Program, the State Agencies/Higher Education Program, Energy Management Services, the Alternative Fuels Program, the Transportation Program, the Housing Partnership Program and the Pollution Mitigation Program.

SECO also provides technical support and guidance through the Texas Energy Partnership, a joint initiative



involving SECO, the U.S. Department of Energy and EnergyStar®. Information, planning tools and electronic reporting are offered at the *Texas Energy Partnership* website.

## KEY ORGANIZATIONAL EVENTS AND AREAS OF CHANGE

Each legislative session inevitably brings changes. As the financial hub of the state, the Comptroller's office is impacted in numerous ways, whether by changes to tax laws or by new programs added to the agency's list of responsibilities.

### American Recovery and Reinvestment Act Funding

On Feb. 17, 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law to preserve and create jobs and promote economic recovery. ARRA funding was dedicated to investments in energy efficiency and science, infrastructure and state and local fiscal stabilization.

The 81st Legislature charged the Comptroller's office with tracking and reporting on the more \$14.4 billion in stimulus funding received by the state of Texas. The agency works closely with state agencies to identify the dollars received and ensure expenses are properly coded for tracking. The Comptroller's stimulus website provides a window into these expenses through various reports that reflect:

- A summary of funds received
- Funds allocated or requested, awarded, received, obligated and disbursed by a state agency
- Funds allocated or requested and amounts awarded from federal agencies to state agencies and public colleges

In addition, the Comptroller's State Energy Conservation Office (SECO) received over \$290 million in formula grant funding from the U.S. Department of Energy (DOE) through four separate programs as a result of ARRA. These include \$218.8 million in funding for the State Energy Program (SEP); \$45.6 million in funding for the Energy Efficiency and Conservation Block Grant (EECBG) Program; \$23.3 million in funding for the State Energy Efficient Appliance Rebate Program (SEEARP); and \$2.4 million in funding for the Enhancing State Government Energy Assurance Capabilities and Planning for Smart Grid Resiliency ("Energy Assurance" or EA) Program.

The ultimate goals of these four programs are to conserve and protect energy supplies through energy efficiency, renewable energy, transportation efficiency and emergency planning projects. SECO had to submit applications to

DOE and receive approval before being awarded ARRA funding. DOE approved all four of SECO's applications and SECO began its process of providing funds to support projects in Texas in fall 2009.

The Texas State Energy Plan provides funding for the following initiatives:

- Building Efficiency and Retrofit Programs
- Transportation Efficiency Programs
- Distributed Renewable Energy Technology Programs
- Energy Sector Training Centers
- Public Education and Outreach

The Energy Efficiency Conservation Block Grant program provides funds for the development and implementation of projects to improve energy efficiency and reduce energy use and fossil fuel emissions, while the State Energy Efficient Appliance Rebate Program provides rebates to residential consumers who replace older appliances with ENERGY STAR efficient products.

The Energy Assurance program provides funding to update the Energy and Utilities portion of the state of Texas Emergency Management Plan. SECO serves as the lead on the program in partnership with the Public Utility Commission of Texas and the Railroad Commission of Texas.

### Property Tax Value Limitations

In 2001, the 77th Legislature enacted House Bill 1200, creating Tax Code Chapter 313, the Texas Economic Development Act (Act). The Act allowed school districts to attract new taxable property and assist in new job creation by offering a tax credit and an eight-year limitation on the appraised value of real and personal tangible property for the maintenance and operations portion of a school district's tax rate.

In 2009, the 81st Legislature enacted House Bill 3676, bringing a number of substantive and technical changes to the Act. The Comptroller's office was given clearer authority to determine project eligibility, as well as make more substantive recommendations to school districts. More information about the projects is required to be posted on the Internet and clearer performance standards and new penalties for non-performance were established. The bill also extended the program's sunset date from Dec. 31, 2011, to Dec. 31, 2014.

As of January 2010, 96 school districts were parties to 135 value limitation agreements, with the bulk of projects involving manufacturing facilities and wind farms. With the

economic slowdown, the number of limitation agreements approved in 2009 was lower than that in each of the previous two years.

### **Jobs and Education for Texans Grant Program**

One of the vital roles of the Comptroller's office is to predict how and where the economy will grow and provide state leaders with critical information for future decisions. In December 2008, the agency released *Texas Works*, a report detailing the widening gap between the skills required in today's job market and the number of graduates trained with those skills coming out of the education system. The report indicated how many Texas businesses have a hard time finding skilled technical workers. Numerous employers said dwindling enrollment in vocational training programs negatively affects their businesses.

The 2009 Texas Legislature approved a new \$25 million Jobs and Education for Texans (JET) program to meet this demand and the Comptroller's office was charged with administering the dollars. The Every Chance Funds program was developed with three categories of funding:

1. A \$10 million Job Building Fund will help finance equipment purchases for new career and technical education programs started throughout the state that support high-growth industries. The Job Building Fund will require matching local funds and be awarded on a competitive basis.
2. Another \$10 million fund, the Launchpad Fund, will support and expand existing nonprofit programs with a proven track record of good performance. The money from this fund will be allocated to develop, support or expand programs of nonprofit organizations that prepare low-income students for careers in high-demand occupations. These innovative and successful organizations also assist students in applying and enrolling in a public community college or technical school.
3. Finally, the \$5 million Career and Technical Scholarship Fund allocates money for approved training programs for high-demand occupations to fulfill future work force needs in Texas. Students who apply for these scholarships must seek a certificate or associate's degree in one of these high-demand occupations. Funds for scholarships covering tuition and fees will be granted directly to community and technical colleges to distribute to students with financial need.

### **Major Events Trust Fund**

The 2003 Legislature authorized the first event trust fund program as an incentive tool to help Texas communities attract major sporting events such as the Super Bowl, NCAA Final Four tournaments and professional all star games. Other trust fund programs created since then have established the incentive for smaller sporting programs, motor sports racing events and non-athletic events.

Both the state and the city or county requesting the trust fund contribute tax revenue to the fund. State law requires the revenue to be deposited in the trust fund for an event to be the estimated gains in sales tax, hotel occupancy tax, motor vehicle rental tax and alcoholic beverage taxes from hosting the event.

In 2009, the Legislature broadened eligibility to include non-athletic events and eliminated population criteria for cities and counties to participate. Senate Bill 1515 amended current law to create a Major Events Trust Fund and an Event Trust Fund to replace the Other Events Trust Fund and the Sporting Event Trust Fund and expand the list of eligible events to include "sporting and non-sporting games or events."

Major sporting events can generate significant revenue for communities due to spending by fans and media attending the event. As custodian of the trust fund, the Comptroller's office works with communities to offer assistance. An eligible community or its designated beneficiary submits invoices or other documentation of allowed spending to the Comptroller's office for review and reimbursement. Money left over in the event trust fund is repaid to the State Treasury and local entities proportionate to the original deposits.

### **Pooled Collateral Program**

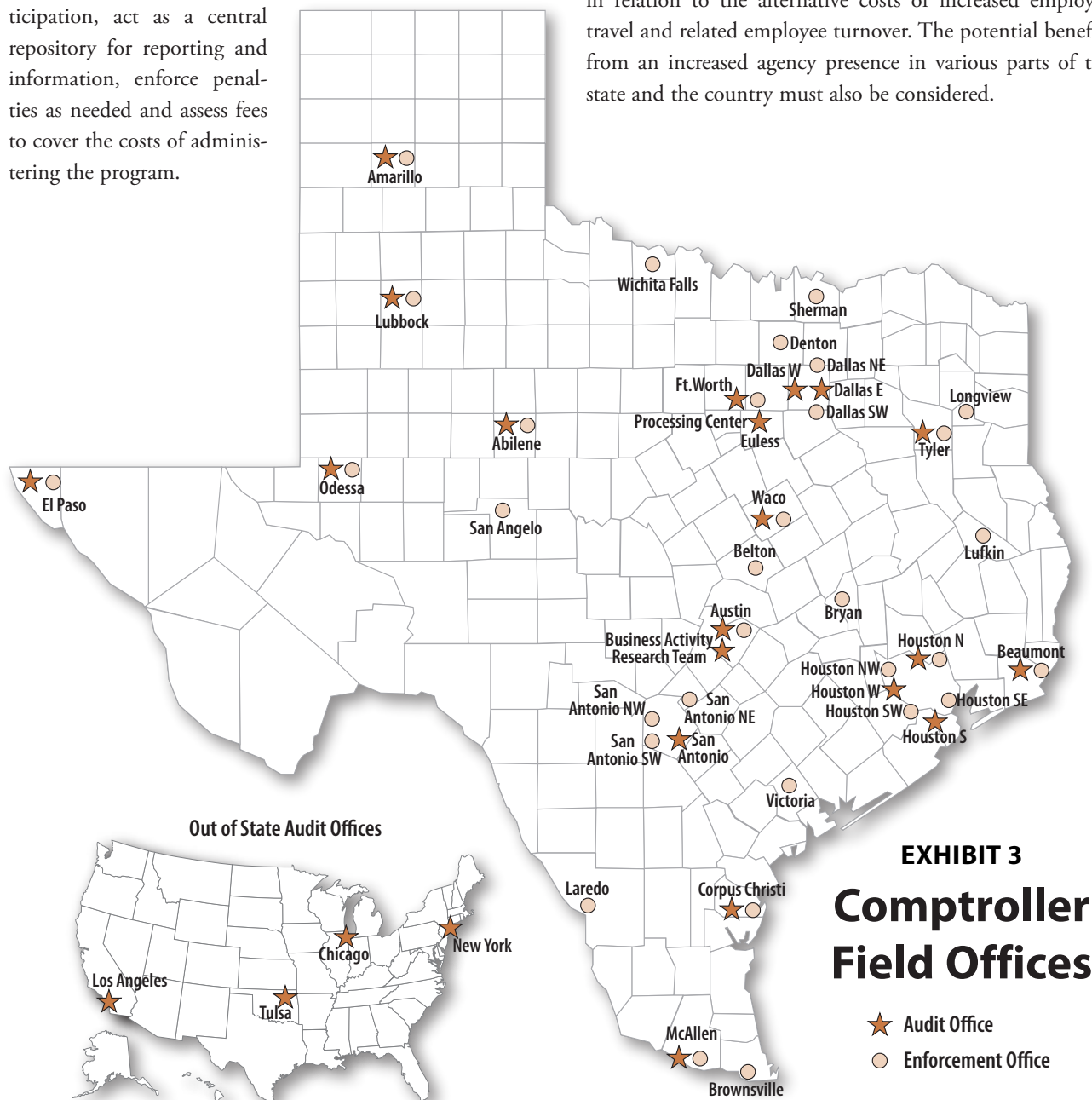
The Pooled Collateral Program was established by the 81st Texas Legislature, Regular Session, 2009. Under Texas law, a depository institution must pledge security to collateralize deposits of public funds by a public entity in excess of federal deposit limits. The system requires that each public entity's deposits be collateralized individually, even if a depository institution holds deposits from several different public entities. The new Pooled Collateral Program provides an alternative to the current system by allowing a depository institution to pool collateral for public entities and requires the Comptroller's office to regulate and monitor the program. Under this program, the agency ensures that the securities pledged as collateral have a market value greater than the deposits.

The Pooled Collateral Program operates as a viable alternative to the individual collateralization of local public funds. Texas law requires public entities depositing funds with depository institutions in excess of federal insurance limits to receive a pledge of securities and to ensure that the securities pledged as collateral have a market value greater than the deposits.

The Comptroller's office will assume the role of ensuring that all public deposits in the Pooled Collateral Program have a pledge of securities from a depository institution and that this collateral has a market value greater than the public deposits. In this new role, the agency will establish guidelines for program participation, act as a central repository for reporting and information, enforce penalties as needed and assess fees to cover the costs of administering the program.

## GEOGRAPHIC LOCATION OF THE AGENCY

With the Texas population continuing to grow, an ongoing challenge for the Comptroller's office is to serve all customers efficiently, equitably and effectively. To meet the needs of an ever-expanding population, the Comptroller's office relies on field offices, taxpayer service offices, call centers and a processing center located in 25 Texas cities. Four out-of-state Audit offices are strategically located in New York, Los Angeles, Tulsa and Chicago. (See **Exhibit 3.**) These offices are linked electronically to the agency's main-frame and personal computer network. To ensure the best possible use of agency funds, the cost of employees, equipment, communications and office space must be considered in relation to the alternative costs of increased employee travel and related employee turnover. The potential benefits from an increased agency presence in various parts of the state and the country must also be considered.



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## **GEOGRAPHIC REGIONS SERVICED BY THE AGENCY**

### **Statewide**

The Comptroller's office serves all areas of the state. Audit field offices are placed strategically throughout the state and around the nation for maximum coverage in the most populated cities in Texas, where the majority of Texas taxpayers are located. Over 750 audit staff is allocated between 18 in-state offices, four out-of-state offices, one centralized processing center and one Business Activity Research Team (BART), which is charged with detecting businesses that are not permitted for applicable tax responsibilities. The processing center, located in Euless, is responsible for performing technical and procedural reviews of audits and billing taxpayers for liabilities.

Of the total sales and franchise tax accounts subject to audit in fiscal 2009, 35 percent were located in the Houston audit area, 22 percent in the Dallas-Fort Worth audit areas and 15 percent in the San Antonio and Austin audit areas. Out-of-state audits also play a vital role in returning tax dollars due back to the state since a significant amount of tax liabilities comes from out-of-state firms.

Twenty-two percent of the original audits completed in fiscal 2009 were conducted on out-of-state businesses and over \$400 million in tax liabilities were assessed on out-of-state firms that do business in Texas. Of the \$16.7 billion reported tax dollars examined in original audits in fiscal 2009, 31 percent, or \$5.1 billion, came from businesses with headquarters outside Texas. To date, in fiscal 2010, out-of-state auditors have examined almost \$605 million of reported tax dollars.

As the Comptroller's nexus/discovery unit, BART continues to explore methods of increasing coverage and encouraging voluntary compliance. Many out of state companies not familiar with state laws erroneously believe they have no reporting responsibility in Texas. BART contacts these companies through various outreach efforts to inform them about Texas law and promote compliance. As the number of out of state companies contacted regarding their tax reporting responsibilities increases, voluntary disclosure requests also increase.

Companies with nexus in Texas are required to remit back taxes along with penalty and/or interest. Because BART is so active in contacting out of state companies, many businesses choose to utilize the agency's Voluntary Disclosure program before being contacted by BART. The

Voluntary Disclosure program, which is also administered by the BART group, offers taxpayers a limited look back period, with a penalty and interest waiver if certain criteria are met.

BART's Desk Revenue program is also instrumental in increasing voluntary compliance. This program focuses primarily on contacting and educating individuals and companies who may have a use tax reporting responsibility. The program provides these companies and individuals an opportunity to voluntarily remit any use tax that may be due. Companies and individuals that choose not to take advantage of this program are reviewed and pursued through the audit process.

The 79th Legislature, 3rd Called Session, 2006, passed HB 3, which revised the franchise tax by changing the tax base, lowering the rate and extending coverage to active businesses receiving state law liability protection. The new franchise tax statute required a fundamental change in how audits were approached. Traditionally, four-year audit periods have been utilized. With the inclusion and exclusion of related entities, however, one year audit periods are required for larger, more complex accounts. Audit also embarked on an extensive training initiative to expand the number of auditors conducting franchise tax audits to further increase both coverage and compliance.

In addition to the traditional audit program, a new Desk Audit Program was implemented to accelerate the verification of specific aspects of the new franchise tax. In fiscal 2009, Audit conducted 3,033 audit and refund verifications and 368 field verifications.

The 80th Legislature, Regular Session, 2007, passed HB 11, which requires all tobacco, beer and wine distributors to report sales by individual location. With this additional tool, Audit has been able to direct its compliance efforts within the convenience store industry. To date, over \$91 million has been directly assessed through audits and desk examinations. An additional \$71.5 million is estimated to have been remitted to the state through improved awareness and voluntary compliance within this business sector.

Enforcement, charged with enforcing the state's tax laws and providing taxpayer services, maintains a call center and 29 field offices, including 15 full service offices handling both collections and taxpayer service and 14 "taxpayer service only" offices. Additionally, Enforcement contracts with a private collection agency to handle delinquent accounts



falling below a specified tolerance, which allows field staff to concentrate on high dollar cases.

Field offices are located in 25 Texas cities. Ten offices are located in the major metropolitan areas: Austin (1), Dallas (2), El Paso (1), Fort Worth (1), Houston (2), and San Antonio (3). The remaining 19 offices are strategically located throughout the state in hub cities based on concentrations of permitted taxpayer populations. Services include:

- accepting tax returns and payments;
- answering taxability questions;
- assisting with tax permit applications and return preparation;
- distributing tax forms;
- conducting taxpayer seminars; and
- representing the agency at conferences, seminars and fairs.

Though Enforcement uses technology effectively to assist in taxpayer service and collection functions, visibility throughout the state directly impacts the public's voluntary compliance with tax laws. Enforcement officers stay in close contact with taxpayers to inform them of due dates and provide appropriate tax information. The placement of offices enhances the agency's actual and perceived presence in communities and has been effective in the agency's tax compliance programs. In fiscal 2009, Enforcement collected a record \$990.5 million in delinquent taxes and issued over 53,000 sales tax permits.

Other areas that rely on field staff include Criminal Investigations and Property Tax. The focus of Criminal Investigations is to deter intentional criminal conduct against state tax laws administered by the Comptroller's office, a problem estimated to cost Texas significant tax dollars annually. Deterrence is achieved by detecting and investigating felony criminal conduct and misdemeanor tax-related crimes and informing the public of the results of case prosecution. Examples include dishonest business owners who choose to underreport their sales tax, smugglers who bring untaxed or counterfeit cigarettes into Texas or criminal elements that circumvent the laws associated with dyed diesel and other motor fuels statutes.

Investigators operate out of five regions: Northeast (Fort Worth, Dallas, Wichita Falls and Tyler); West (Odessa, Abilene, Lubbock and El Paso); Central (Austin HQ); South (San Antonio, Corpus Christi and Laredo); and Southeast (Houston). Each region is led by a lieutenant, who serves as

a team leader for two or three investigators and one or two analysts, depending on the region.

Criminal Investigations regularly receives referrals from business and industry about conduct that indicates intent to violate the state's tax laws. Such referrals may come from:

- corporate security departments investigating suspicious behavior within their organizations;
- corporate research divisions, particularly when research shows a suspicious drop in product sales in a particular area;
- business employees who observe duplicate sets of books, or the use of tax-free products for an unauthorized purpose; and
- industry and trade organizations, when their members note odd trends or illegal conduct.

The Texas Retailer's Association, the Texas Petroleum Marketers and Convenience Store Association and the Energy Security Council are just some of the industry organizations partnering with Criminal Investigations to fight illegal business activity.

Property Tax, responsible for determining school-funding allocations, relies mainly on field appraisers to evaluate property values in Texas counties. Field appraisers, divided into three geographic regions, work from their homes, which places them in closer proximity to the appraisal districts they gather data from, as well as the resources they need to conduct appraisals and analyze sales.

Appraisers provide coverage throughout the state, although Property Tax has the flexibility to allocate more resources to areas containing significant amounts of property wealth. Field appraisers must inspect properties when conducting appraisals, verify the condition and description of property that sells, obtain warranty deed information from county clerks and collect sales data from multiple listing services, real estate brokers and fee appraisers. Opportunities exist for increased usage of the Internet to obtain some types of data.

All office locations are regularly reevaluated to ensure the locations meet the needs of the taxpayer base. Placing agency staff where they can make a difference is critical to promoting voluntary taxpayer compliance, delivering quality service and administering the tax laws fairly and consistently. The geographic distribution of agency operations is designed to maximize close contact with customers and taxpayers and

make agency services convenient to the public. It is essential that the Comptroller's office maintain an effective presence throughout the state. An ongoing evaluation of geographic factors is invaluable to the success of the agency's programs.

## Border Regions

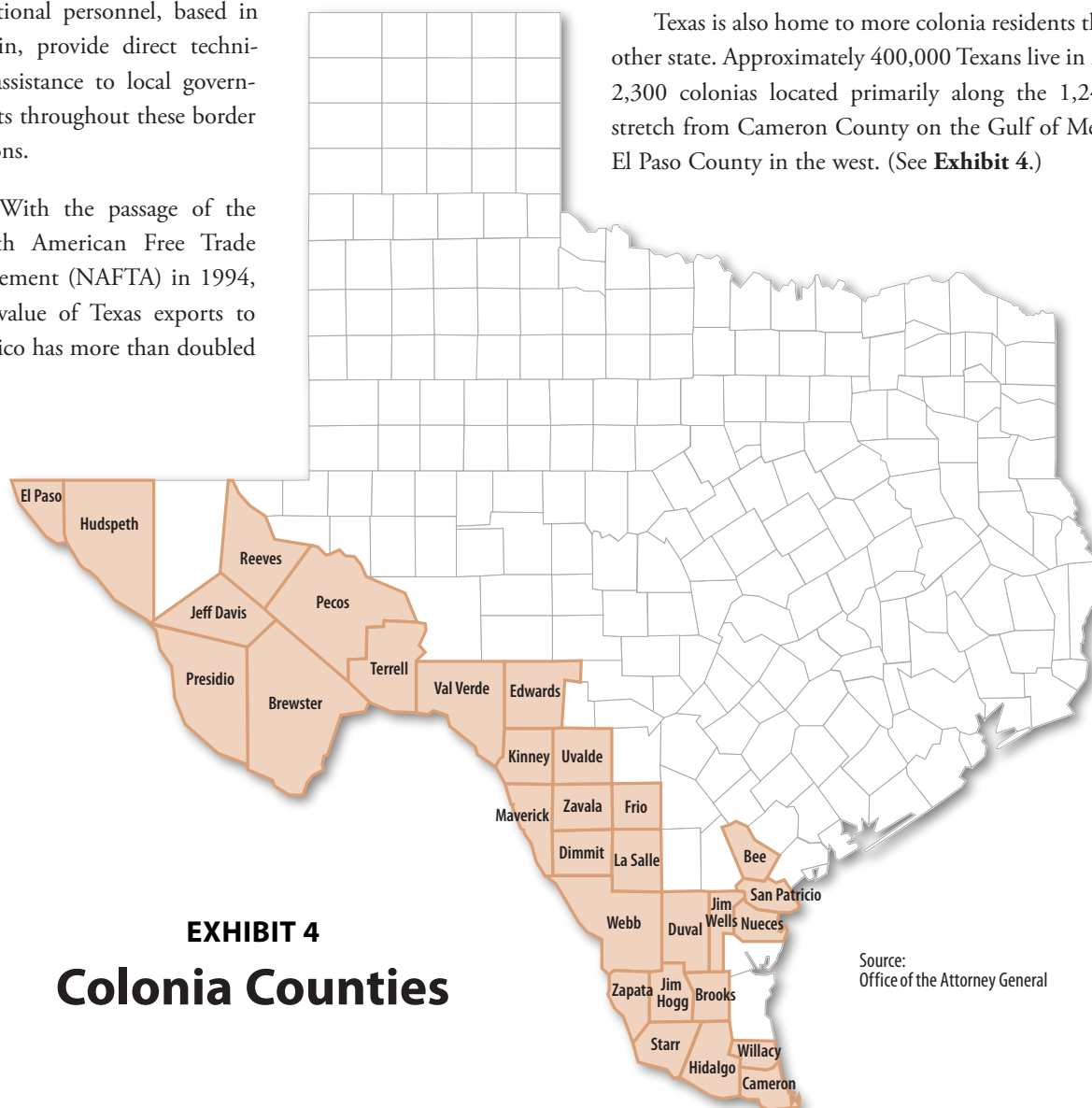
Extremely important to the state economy and to the people of Texas are the border regions. In particular, two regions, the Texas-Mexico border (Upper Rio Grande and South Texas) and the Texas-Louisiana border (Upper East Texas and Southeast Texas), present a variety of demographic, educational, labor force and immigration-related factors that significantly impact the state. Over 220 Comptroller employees are based in these regions to provide tax enforcement and audit services. Three additional personnel, based in Austin, provide direct technical assistance to local governments throughout these border regions.

With the passage of the North American Free Trade Agreement (NAFTA) in 1994, the value of Texas exports to Mexico has more than doubled

since 1997, reaching \$56.1 billion in 2009. Mexico is Texas' number one trading partner — importing more than 34 percent of the state's total merchandise exports. The value of Texas' trade with Mexico exceeds the total world trade of every state except New York and California.

The Comptroller's office belongs to the Border States Caucus, an organization of state tax officials from Arizona, California, New Mexico, Oklahoma, Texas, Utah and Mexico, formed in May 1993. The caucus focuses on promoting free trade and reducing administrative barriers between the United States and Mexico through uniform and equitable laws, rules, procedures, documentation of taxable and non-taxable transactions and the exchange of information among caucus members.

Texas is also home to more colonia residents than any other state. Approximately 400,000 Texans live in roughly 2,300 colonias located primarily along the 1,248-mile stretch from Cameron County on the Gulf of Mexico to El Paso County in the west. (See **Exhibit 4**.)



**EXHIBIT 4**  
**Colonia Counties**

Source:  
Office of the Attorney General

Colonias have the largest concentration of people living without basic services in the United States. These unincorporated, isolated settlements often lack water and sewer systems, electricity, health facilities, paved roads and safe and sanitary housing. In Texas, colonias exist mainly in the counties adjacent to the Texas side of the border. Colonias, which means neighborhood in Spanish, originated when developers bought tracts of farm and ranch land and sold them unimproved to mostly poor Mexican-Americans along the U.S.-Mexico border region.

The agency's State Energy Conservation Office is involved in a number of colonia and border community projects and initiatives that include low-income non-border counties. Specific projects include: school lighting and air conditioning improvements; affordable energy star homes support; affordable housing construction and rehabilitation support; utility resource education; solar-powered water purification systems; clean energy technology and safety lighting; and renewable energy systems.

The Comptroller's office also serves the Texas-Mexico and the Texas-Louisiana border regions by publishing, and updating, regional outlook reports that provide in-depth socio-economic analyses of these regions, as well as the state and other regions. These reports ensure that economic data gets into the hands of people who can act on the data: business, government and local leaders in the regions' cities and communities.

In addition, a Local Government staff member is assigned to each region to serve as a resource. These regional representatives provide education on tax issues and programs that facilitate economic development efforts at the local level. Assistance is available via onsite presentations and regional workshops as well as direct customer service via a toll-free telephone line and e-mail account.

## HUMAN RESOURCES

The Comptroller's complex and varied duties require experienced, highly skilled employees. Although over 45 percent of the agency work force is 50 years or older (see **Exhibit 5**), statistics show that over one-half of the work force has 10 years or less of experience working in the Comptroller's office (see **Exhibit 6**), with proficiency levels ranging from minimal knowledge to working knowledge of processes.

Twenty percent or just under one-fourth of the Comptroller's work force has 11-20 years of tenure with expertise ranging from working knowledge to the mastery level. Employees with 21 years or more of experience with the Comptroller's office, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 24 percent of the work force. These employees are also keepers of institutional business knowledge.

**EXHIBIT 5**  
**Age**

	Number of Employees	Percent of Employees
20–29 years	261	8.7%
30–39 years	560	18.6%
40–49 years	815	27.1%
50–59 years	1,003	33.4%
60–69 years	349	11.6%
70–79 years	15	0.5%
80 years & over	0	0.0%

Source: Uniform Statewide Payroll System.

**EXHIBIT 6**  
**Agency Tenure**

	Number of Employees	Percent of Employees
0–5 years	1,110	37.0%
6–10 years	542	18.0%
11–15 years	353	11.7%
16–20 years	272	9.1%
21–25 years	285	9.5%
26–30 years	198	6.6%
31–35 years	195	6.5%
36–40 years	37	1.2%
Over 40 years	11	0.4%

Source: Uniform Statewide Payroll System.

## Employee Turnover

The agency's turnover rate has continued to decrease over the past three years, from 12 percent in fiscal 2007 to 7.4 percent in fiscal 2009. In 2009, the agency's turnover rate was 7 percentage points lower than the statewide average of 14.4 percent. (See **Exhibit 7**.) During periods of economic downturn, specifically fiscal years 2009 and 2006, the agency's turnover rate was significantly lower than the statewide average. In all other years, the agency's turnover was at least 5 percentage points lower than the statewide average.

**EXHIBIT 7**  
**Overall Turnover**

Fiscal Year	Comptroller	State
2009	7.4%	14.4%
2008	11.5%	17.3%
2007	12.0%	17.4%
2006	7.5%	15.8%
2005	11.2%	16.9%

Source: Uniform Statewide Payroll System and the State Auditor's Office (SAO). SAO statistics derived from "An Annual Report on Full-Time Classified State Employees Turnover" (for respective fiscal years).

## Retirement Eligibility

Data obtained from the Employees Retirement System shows projected retirements for the Comptroller's office over the next five fiscal years. (See **Exhibit 8**.) The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions, coupled with normal attrition, poses a critical work force dilemma for this agency as well as the state. It is important to ensure that this technical knowledge and organizational experience is not lost.

**EXHIBIT 8**  
**Projected Comptroller Retirements**

Fiscal Year	Projected Retirements	Percent of Total Agency Employees (FTE Cap = 3,151.6)
2010	119	3.7%
2011	123	3.9%
2012	107	3.4%
2013	111	3.5%
2014	111	3.5%
Total Projected Retirements	571	18.1%

Source: Employees Retirement System.

## Employee Skill Levels

After analyzing the work force information gathered from agency divisions, it is clear that the primary gap that must be addressed between the agency's current work force supply and future demands is in transferring institutional business knowledge and technical expertise (mastery level). Overall, the agency work force currently has the necessary skills to do the required work. In the next five years, however, the agency will experience a shortage of required skills, particularly in management and senior level professional positions due to potential retirements and normal attrition.

- There is a potential skills imbalance "gap" between tenured/skilled employees (employees with 15+ years of service) with institutional business knowledge and technical expertise and employees with less tenure (10 years or less service). Consequently, the future work force may lack mission critical skills unless steps taken to develop less tenured employees continue.
- Efforts to identify key positions in management and key senior-level professional positions for succession planning must also continue.

Human Resources will work with divisions on developing desired skill sets and competencies for all areas. As part of the work force planning process, Human Resources distributed a "Work Force Planning Questionnaire" to division management to develop a profile of current division skill levels and future workload demands. The following skills were identified as priorities for employees over the next five years. These skills were rated on a scale from



## EXHIBIT 9 Skill Levels

Skill	Current Competency Level	Projected Competency Level Within the Next 5 Years	Needed Competency Level	Gap
Auditing	4	3	4	1
Advanced Financial Analysis	3	2	4	2
Analysis	4	2	4	2
Communication	3	3	4	1
Computer Proficiency	3	2	4	2
Customer Service	4	3	4	1
Investigation	4	2	4	2
Research	4	3	4	1
Management	4	2	4	2
Problem Solving	3	2	4	2

Current = Average competency level for incumbents performing core functions

Projected = Average competency level projected for employees performing core functions within the next 5 years

Needed = Average competency level needed for future employees performing core functions

Gap = Difference in skill level between needed and projected competency levels

0 = No knowledge

1 = Minimal knowledge, familiarity with skill

2 = Working knowledge, proficiency in skill

3 = Professional level, mastery skill

4 = Acknowledged expert in skill, able to mentor and train other employees

one to four to determine the current proficiency level and the desired proficiency level. The results are illustrated in **Exhibit 9**.

### Bridging the Gap

The Comptroller's office has always emphasized training. One of the agency's six primary goals is to:

*Develop and maintain a skilled work force, committed to quality performance.*

In order to address any deficits between the Comptroller's current work force and future demands, several strategic goals have been incorporated into the agency's work force plan. These objectives were developed based on factors identified through an agency work force analysis. The Comptroller's future work force requirements can be met through the accomplishment of two key objectives:

### 1. Develop a competent, well-trained work force.

Approximately 18 percent of CPA's work force is projected to be eligible to retire within the next five years. The most critical staffing issue facing the agency is the potential skills gap that will occur due to employee retirements. The agency relies heavily on a competent and knowledgeable staff and the loss of mastery-level expertise and institutional business knowledge will have a significant impact on agency services. The training and development of current employees is critical to the success of the agency. The Comptroller's office must assess existing staff to determine which employees demonstrate the potential or interest to develop new competencies and assume new or modified positions.

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## Action Steps

- Identify agency critical skills and competencies with input from divisions.
- Conduct an assessment of the level of risk facing the agency regarding the potential loss of knowledge, particularly in areas where loss is likely due to the imminent retirement of employees in key positions.
- Develop succession-planning and knowledge transfer strategies to ensure that institutional business knowledge and technical expertise is transferred to less tenured employees. Promote these strategies as an agency priority and include accountability measures.
- Train management staff to address skill imbalance issues. Implement accountability measures to ensure managers develop and execute appropriate strategies to successfully address skill “gaps” within their division.
- Expand and enhance training curricula and programs to include effective leadership, mentoring and contemporary management training skills, as well as assess and address division specific training needs.
- Create a management development program based on specific assessment criteria to create a group of potential candidates for future leadership positions. Require candidates to participate in professional management training that includes opportunities to apply and prove leadership qualities and abilities.
- Implement mentoring programs for all levels of job categories matching seasoned employees with new employees.
- Include “job shadowing” or the pairing of new employees with more seasoned employees, as a routine part of both employees’ job descriptions.
- Enhance the agency’s tuition reimbursement program to encourage employees to further their education.
- Encourage employees to pursue professional certification(s) in their areas of employment when possible.

## 2. Attract and Retain the Right Employees for the Job.

Recruiting excellent workers is the cornerstone of building a quality work force. Retaining those same employees in a competitive market remains a continuing challenge. Retention of state employees will require a partnership between state leadership and state agencies. State leadership must offer competitive salaries and benefits packages, and allow flexibility to administer non-monetary incentives. State

agencies must take responsibility to recruit quality workers, recognize excellent performance and provide development opportunities. The Comptroller’s office must provide quality training and professional development for all employees that focus on agency and division critical skills, competencies and technical requirements. Mentoring and learning opportunities such as job shadowing must be expanded to maintain institutional business knowledge and technical expertise and enhance career and professional development opportunities for employees.

## Action Steps

- Identify classification job series with the highest turnover and implement more aggressive recruitment and retention strategies for these positions.
- Implement more aggressive cross-training opportunities within divisions to ensure continuity of business functions and processes.
- Enhance and expand recruiting efforts to incorporate marketing CPA as an employer of choice.
- Market career assessment resources and professional development opportunities.
- Further develop and promote agency mentoring programs.
- Develop career paths that cross division lines and market as opportunities to develop additional skills and increase advancement possibilities.
- Create programs that allow employees who are seeking new challenges to work on special projects, rotations, and/or developmental or “stretch” assignments.
- Utilize pay incentives, where appropriate, to attract and retain staff.
- Adjust salaries within assigned pay ranges for employees in positions that are either critical or key functions or that have high turnover rates.
- Create formal rewards and recognition programs and activities within divisions.
- Promote the use of non-monetary rewards for exceptional performance (e.g., Administrative Leave for Outstanding Performance, etc.).
- Continue to allow employees to utilize the agency’s alternative work schedule programs to the extent possible.

## SUCCESSION PLANNING

The Comptroller’s office has implemented and will continue to put into practice the action steps outlined above. Strategies such as creating opportunities for employ-

ees to work on special projects, development projects or “stretch assignments,” cross-training of staff by subject-matter experts, including job shadowing, structured on-the-job training programs and recognition programs have been implemented in various divisions.

Most divisions have expanded efforts to implement informal plans to transfer institutional business knowledge and subject matter expertise. The Comptroller’s office is in the process of implementing a four phase pre- and post-supervisory training program to provide growth opportunities for interested employees. An agency wide recognition program is also being developed.

The agency continues to work on a more formalized process to capture and transfer institutional business knowledge. Human Resources staff is working on ways to streamline existing knowledge transfer strategies for replication in other agency divisions.

Staff recently implemented a competency based performance appraisal system. The revised performance appraisal process allows for the inventory of position competencies and skill requirements and includes an employee professional development plan. This model also includes the integration of employee job descriptions, accomplishments and specific behaviors expected for each performance rating as well as manager/employee feedback.

The process is also part of a formal succession-planning program to include an employee assessment and management development training plan. The process will include the ability to generate reports to assist with projecting staffing needs, identifying critical and/or key positions and match employee competencies/skills with business needs. Transferring institutional business knowledge to ensure continuity of agency functions is a dynamic process and continues to be a work in progress.

## CAPITAL RESOURCES

The Comptroller’s office maintains an inventory of capital assets valued at \$1.8 million. A majority of these capital assets is invested in computer hardware and related technology. These assets include optical scanners, direct access storage devices, mainframe printers, network and telecommunications hardware and a variety of related equipment. The balance of the capital assets is comprised of non-computer items such as office furniture, reproduction equipment and related items.

The ability to invest in capital resources has allowed the agency to revolutionize the way it conducts business. Numerous agency initiatives depend on the use of computer technology to automate manual processes and improve customer service. The innovative use of hardware systems to increase employee productivity and enhance the delivery of services to customers has enabled the agency to keep pace with an ever-growing and highly complex workload.

In June 2007, the General Accounting and Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, to define reporting requirements for intangible assets. For the state of Texas, GASB 51 became effective on Sept. 1, 2009. Examples of intangible assets include:

- *Computer software*: Internally developed, or licensed software purchased from external sources
- *Land use rights*: Easement, water, timber, mineral rights and other land use rights
- *Other capital intangible assets*: Patents, trademarks, copyrights and other capital intangible assets

With the advent of GASB 51, a major agency initiative will now be capitalized. To further financial and reporting uniformity, the Comptroller’s office is leading the effort to develop, maintain and support Enterprise Resource Planning (ERP), an effort called for by legislators during the 80th legislative session. The goal of the state’s ERP initiative, ProjectONE – Our New Enterprise, is to standardize and integrate financial, human resources and payroll applications across state agencies and institutions of higher education. This software application will make each agency more transparent and accountable to taxpayers and enable each agency to track spending more easily.

The *Information Technology Detail (ITD)* documents all information technology expenditures related to enhanced or expanded activities and projects. The plan is submitted to the Legislative Budget Board (LBB) for approval biennially. The *ITD* is based on approved funding levels, agency business and technology requirements and industry technical standards. All expenditures are approved and monitored using the Integrated Statewide Administrative System to ensure compliance with internal budget and LBB and Department of Information Resources (DIR) reporting guidelines.

The status or performance of information technology projects is monitored through the Quality Assurance Team

(QAT) directed by the LBB. As part of this process, project managers meet with the Information Resources Steering Committee and the Project Management Office regularly to discuss the progress of their projects and to resolve pertinent issues or challenges affecting these projects. Project managers may be required by the LBB and DIR to submit a Project Development Plan in accordance with the Texas Project Delivery Framework methodology. The QAT process is an essential component of project assessment and monitoring. This process ensures that projects are on schedule, within budget and successfully completed according to specifications.

In order for the Comptroller's office to function at peak efficiency, the agency must be allowed to continue its investments in capital resources. These resources provide Comptroller staff with the essential tools to effectively perform their jobs, but more importantly, allow the agency's customers to conduct their business electronically. As technologies improve, so will the services provided to the state's citizens.

## **HISTORICALLY UNDERUTILIZED BUSINESSES**

Minority- and woman-owned businesses play an increasingly important role in the Texas economy. Until fairly recently, however, they had relatively little success in winning a portion of the billions Texas state government spends on goods and services each year. The Texas Legislature has made greater involvement in state contracts by these historically underutilized businesses (HUBs) a significant priority.

In 1991 Texas instituted the HUB program to increase the opportunities available to businesses owned by minorities and women in the area of state procurement and contracting. In accordance with Title 34, Section 20.13 of the Texas Administrative Code, each state agency shall make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases. The Texas HUB program sets state goals by procurement category and allows for HUB subcontracting plans for contracts above \$100,000.

### **Statewide HUB Program**

In September 2007, the Comptroller's office assumed responsibility for the Statewide HUB Program, which provides HUB certification and support for minority- and woman-owned Texas businesses. Under the direction of

the Comptroller's office, the HUB program has aggressively increased its activities and outreach efforts. In fiscal 2009, the program certified 2,061 new HUBs, a 25 percent increase from fiscal 2008's certifications. The program's website also experienced a traffic increase of more than 200 percent.

In September 2008, the agency retained an independent vendor to determine if there is a compelling interest to continue a narrowly tailored HUB program, as required by the U.S. Supreme Court. The purpose of the study was twofold: to comprehensively review the state's utilization of HUBs and to evaluate various options for program development.

The 2009 Disparity Study examined the effect of remedial race- and gender-based efforts by Texas to redress ongoing influences of past discrimination in the marketplace. The findings are the basis for any rule revisions required of this agency by Chapter 2161, Government Code.

All state agencies, along with medical and health centers and institutions of higher education, were included in the study. The participating state agencies and institutions of higher education were clustered into four groups due to variation in size and volume of procurement activities:

- State Agencies (148);
- Universities (52);
- Medical and Health Centers (9); and
- the Texas Department of Transportation (TxDOT)

The 2009 Texas Disparity Study confirms the need for the continuation of the Statewide HUB Program. This conclusion is based primarily on:

- statistical disparities by race, ethnicity and gender classification in current HUB utilization, particularly in prime contracting
- statistical disparities by race, ethnicity and gender classification in the private marketplace, particularly in the area of utilization of women- and minority- owned firms in commercial construction
- statistical disparities in firm earnings by race, ethnicity and gender classification, even after controlling for capacity-related factors; and
- anecdotal testimony of disparate treatment as presented by business owners in interviews, surveys, public hearings and focus groups.



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## Vision Statement for the Statewide HUB Program

*The Statewide HUB Program is intended to certify all eligible Texas businesses as HUBs and to increase the share of Texas state government contracts that are awarded to HUBs.*

## Mission Statement for the Statewide HUB Program

*The Comptroller's mission is to encourage and increase the use of HUB vendors in state purchasing and to provide minority- and woman-owned businesses with useful information on the state's procurement processes.*

## Goals of the Statewide HUB Program

The Statewide HUB Program plans to:

- increase awareness of the Statewide HUB Program;
- increase the number of certified HUBs;
- increase the number of HUBs registered on the state's Centralized Master Bidders List;
- streamline the online HUB certification process; and
- improve HUB understanding of state purchasing processes and maximizing their award opportunities.

## Objectives of the Statewide HUB Program

The Statewide HUB Program will:

- network with minority- and woman-owned business trade organizations, small business development centers and other economic development organizations to increase the awareness of the state's HUB program;
- refine education and outreach materials and efforts to meet HUB needs by directly surveying HUBs;
- identify new training opportunities, including events to reach the maximum number of potential HUBs;
- provide extensive specialized training and education presentations; and
- work closely with state agencies and institutions of higher education to encourage the use of HUBs in state purchasing.

## Education, Outreach and Information Dissemination

The Statewide HUB Program's education, outreach and information dissemination policy is to promote full and equal opportunities for all businesses involved in state contracting, in accordance with the goals specified in the State of Texas Disparity Study. The program works closely with Texas HUBs, partner organizations and state agencies and

institutions of higher education to increase HUB participation in and opportunities for state contracts.

The Statewide HUB Program employs a variety of marketing strategies and materials designed to provide clear and concise details and instructions based on the targeted audience's needs. Information is provided through general and detailed presentations, mailed materials, electronic materials provided online for 24-hour access, video training, one-on-one assistance over the phone and in person and through staffed booths at outreach events and conferences across the state.

Education and outreach components of the Statewide HUB Program in support of the program's vision and mission include the following:

- providing information to minority- and woman-owned businesses regarding Statewide HUB Program initiatives;
- educating these companies about opportunities to do business with the state;
- assisting state agencies and institutions of higher education with HUB education and outreach efforts;
- developing and administering HUB rules and statutes to ensure full and equal access to state contract opportunities for minority- and woman-owned businesses;
- administering the program's certification and compliance functions; and
- compiling the state's HUB expenditures and contract awards and reporting them to the Legislature semi-annually.

Texas Government Code §2161.126 requires the Statewide HUB Program to report to the Governor, Lieutenant Governor and Speaker of the House on its education and outreach efforts at the end of each fiscal year. These efforts include educating businesses about HUB resources, encouraging state certification and facilitating the use of HUB vendors in the state procurement process.

The Comptroller's office has made a concerted effort to provide HUBs with the resources they need to understand the state purchasing process and to improve their opportunities to pursue state contracts. This includes information on how to become certified as a HUB and registered as a state vendor; track state agency purchases from HUBs to identify new opportunities; make contact with agency HUB coordinators; learn about HUB subcontracting opportunities; and search daily bid postings.

With a massive marketplace and purchasing power larger than many small countries, the state of Texas offers abundant opportunities for minority and women-owned businesses through the Statewide HUB Program.

### Comptroller's Internal HUB Program

The Comptroller's internal HUB Program, administered by the Support Services area, works with agency purchasers to procure products and services for agency users. HUB program staff identifies HUBs to ensure they have an equal opportunity to bid on agency contracts and related subcontracts.

### Mission Statement for the Comptroller's Internal HUB Program

*The Comptroller's mission in advocating the HUB Program is to continually work to make a good faith effort to eliminate barriers for HUBs, to purchase from HUBs and to ensure that HUB vendors are provided with full and equal business opportunities in state contracting.*

### Goal of the Comptroller's Internal HUB Program

*Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of HUBs.*

The Comptroller's internal HUB goals are based on the results of the Texas Disparity Study, which established statewide goals based on the availability and utilization of HUBs.

### Objective of the Comptroller's Internal HUB Program

*Include HUBs in at least 23.6 percent of all agency dollars spent for professional services; 24.6 percent of all agency dollars spent for other services; and 21.0 percent of all dollars spent for commodities.*

HUB expenditures are reported monthly as management information statistics and goals on which to focus the agency's work. The goals for each of the categories the Comptroller's office uses are found in **Exhibit 10**. Of the six goals established, only the following apply to the Comptroller's office:

### EXHIBIT 10 HUB Goals

Procurement Category	Statewide HUB Goal
Professional Services Contracts	23.6 %
Other Services Contracts	24.6 %
Commodities Contracts	21.0 %

To achieve the above goals, the Comptroller's office contracts directly with HUBs or indirectly through subcontracting opportunities in accordance with Texas Government Code, Chapter 2161.252.

### Strategy of the Comptroller's Internal HUB Program

*Maintain ongoing program of activities to ensure HUB vendor participation in the procurement process.*

### Measures of Success

#### Outcome Measure:

- Percent of agency dollars spent on HUBs (with subcontracting)

#### Output Measures:

- Number of purchase orders issued directly to HUB vendors
- Number of HUB Economic Opportunity Forums attended or co-hosted
- Number of internal agency HUB training sessions conducted
- Amount of agency dollars spent on HUB vendors (without subcontracting)
- Number of HUB subcontracting dollars
- Number of non-HUB prime contractors reporting HUB subcontracting (cumulative)
- Number of non-HUB prime contractors contacted for HUB subcontracting
- Number of HUB outreach opportunities conducted

### Good Faith Efforts to Meet HUB Goals

The Comptroller's internal HUB Program prepares and distributes information on procurement procedures to encourage participation in agency contracts by all businesses. A toll-free bid line is offered to inform interested businesses of upcoming bids. Program staff also participates in Economic Opportunity Forums (EOFs),

sponsored by state and local government agencies, minority/women development centers and trade organizations. Scheduled throughout the state, EOFs provide numerous opportunities to disseminate and share information about public and private sector procurement, as well as increase networking opportunities with Texas-based small, minority and women-owned businesses.

The Centralized Master Bidders List (CMBL), maintained by the statewide HUB program, is used by the internal HUB Program as the primary source for notifying businesses of procurement related activities and opportunities. The agency also posts bid information at least 14 days prior to bid opening on the *Electronic State Business Daily* for procurement opportunities expected to cost \$25,000 or more. All solicitations for consultant services for which the anticipated costs will exceed \$15,000 are advertised in the *Texas Register*, which is published once a week by the Secretary of State's office and is available at most municipal and university libraries.

All specifications for bids are reviewed to ensure they are structured into reasonable lots in keeping with industry standards and competitive bid requirements. Bond and insurance requirements are assessed and designed to reasonably permit more than one business to perform the work. Delivery schedules are reviewed and specified to make certain they are reasonable, realistic and consistent with the agency's needs. Specifications are reviewed to ensure the requirements, terms and conditions are clearly stated, reflect the agency's actual requirements and do not impose unreasonable or unnecessary contract requirements.

### **HUB Subcontracting Plan (HSP)**

In accordance with the Texas Government Code, Chapter 2161.252, when the agency considers entering into a contract with an expected value of \$100,000 or more, HUB Program staff determines whether subcontracting opportunities are probable under the contract before soliciting bids, proposals, offers or other applicable expressions of interest. If subcontracting opportunities are probable, the agency states that probability and requires a HUB Subcontracting Plan (HSP) and supporting documentation from all respondents, including state of Texas certified HUBs. The Comptroller's office has also incorporated the HSP in all written bids between \$25,000 and \$99,999.

The agency's internal HUB Program staff works directly with the Prime Contractor to establish procedures to ensure compliance with HUB reporting requirements. Program staff asks prime contractors to identify and report dollars spent on HUB and Non-HUB subcontractors and material suppliers with whom they work in the execution of an agency contract. By reporting subcontractor expenditures each month, prime contractors help the agency make a good faith effort to meet the goals set by the Legislature. The agency compiles and maintains monthly information relating to the agency's use of HUBs, including subcontracting information.

### **HUB Program Reporting and Data Analysis**

As required, the Comptroller's office reports the agency's HUB activity to the Statewide HUB Program each March and September. The agency's internal HUB Program staff uses several computer applications to monitor agency HUB purchases. These systems are used to prepare a wide range of reports, such as expenditure analyses by object code, purchasing summaries by method detail, dollars spent on each vendor and spending by HUB ethnicity and gender over a given time period. Reports by division include the purchase order number and type of purchase, dollars spent and spending percentages. This reporting mechanism is designed to provide divisions with feedback and allow them to measure their progress toward HUB goals.

In accordance with Texas Government Code, Title 10, Subtitle D, Section 2161.124, the agency's internal HUB Program prepares a report for each fiscal year documenting the progress under its plan for increasing the use of HUBs in accordance with a prescribed reporting format as developed by TPASS. The report is included in the agency's *Annual Financial Report of Non-financial Data*.

### **Other Special Programs and Services**

- **The Mentor Protégé Program:** The Comptroller's internal HUB Program has implemented a Mentor Protégé Program, which promotes programs and procedures that encourage prime contractors to mentor HUB vendors, foster long-term relationships between contractors/vendors and HUBs and increase a HUB's ability to contract with the state or receive subcontracts under a state contract, primarily in providing goods and services for the agency. The policy is written in accordance with the Texas Government Code, Section 2161.065. The objective of the program is to

provide the protégé professional guidance and support to facilitate development and growth. All participation is voluntary and program features remain flexible to maximize participation.

- **Vendor Outreach:** The Comptroller's internal HUB Program staff participates in Economic Opportunity Forums (EOFs) sponsored by state and local government agencies, business organizations, trade associations and development centers. EOFs provide numerous opportunities to educate minority and woman-owned businesses about how they can earn more business with the state. In addition, HUB vendors are invited to make marketing presentations to HUB Program staff, Purchasers and end-users to increase HUB utilization.
- **Published Material:** HUB brochures are published both in English and Spanish. HUB information is also posted on the *Window on State Government*, which includes a list of frequently asked HUB questions, purchasing questions, purchasing contacts and links to bids posted on the *Electronic State Business Daily*.
- **Marketing Efforts:** In addition to publications, HUB recruiting advertisements are placed in minority and woman-owned newspapers to reach prospective vendors. These ads are placed in February and May of each year and publicize the goods and services most frequently purchased by the agency. Vendors are asked to call the Comptroller's toll-free bid line for more information.
- **Training and Education:** The agency's internal HUB Program conducts training sessions on a regular and as-needed basis for all agency employees involved in the procurement process. Staff has the opportunity to learn about HUB legislation, HUB goals and overall HUB program objectives. HUB issues are on the agenda of every quarterly Purchasing Liaison meeting.

### III.

## FISCAL ASPECTS

### SIZE OF BUDGET

The Comptroller's office is one of 24 general government agencies that serve as the nucleus of Texas state government and perform the state's core business functions. For the 2010-11 biennium, the agency's \$503.8 million appropriation is the fifth largest of the general government agencies. This biennial appropriation was reduced at the request of the state's leadership by over \$12.9 million in savings that were designed to cut expenses without severely hampering the agency's tax collection, auditing and accounting responsibilities.

Organizationally, the Comptroller's office is structured around three primary goals: tax administration, fiscal management and revenue administration. The Tax Administration goal, including the Audit, Criminal Investigations, Enforcement, Tax Policy and General Counsel divisions, comprises the largest component of the agency's budget. The Fiscal Management goal, including the Fiscal Management area and the Enterprise Resource Planning [ERP] project, Revenue Estimating, Treasury Operations, Property Tax Assistance, Local Government and Economic Development, Texas Procurement and Support Services and the Council on Competitive Government, is the second largest functional area of the agency. The Revenue Administration goal is responsible for collecting and processing state tax revenue and disbursing funds to local city and county governments.

Beyond the \$12.9 million in savings identified for the current biennium, the agency is also aggressively pursuing other major initiatives to promote savings in state government. As the state's chief purchaser, the agency recognizes how critical it is for state agencies to take advantage of potential savings when purchasing goods and services. In an effort to apply industry best practices to state of Texas procurements, the agency implemented a highly successful strategic sourcing initiative that has already created millions of dollars in savings while streamlining purchasing processes statewide. Many of the savings have far exceeded initial expectations.

Since November 2008, approximately \$51 million in annual savings have been achieved for the state and other areas are being examined for additional opportunities. Savings from the program, still in its infancy, will continue to



increase as new commodities and services are evaluated and targeted for inclusion in the strategic sourcing initiative.

Another initiative focused on House Bill 11, which was implemented in the spring of 2008 and requires liquor and tobacco wholesalers to provide information to the agency on their sales to retailers. Audit's compliance efforts to date have generated over \$100 million in revenue for the state. HB 11 has proven to be a significant deterrent to the underreporting of tax by convenience stores and other retailers.

The Comptroller's appropriations needs for the 2012-13 biennium are not expected to fluctuate significantly from the current biennial funding level. Further reductions above the \$12.9 million already reduced by the agency, however, could significantly impact the level of service provided by the agency. If implemented, the ten percent reduction scenario proposed by the state leadership would be problematic. Other unknowns at this time include future project implementation and ongoing maintenance costs for the ERP project.

## **METHOD OF FINANCE**

The agency is funded almost exclusively by general revenue (GR) funds. In the current biennium, over 90 percent of the total appropriations are funded from general revenue, with the remainder coming from appropriated receipts and interagency contracts. Most of these receipts are attributable to interagency contract revenue streams from agencies participating in the ERP project and receipts from services provided by the Texas Procurement and Support Services areas. The impact of the ERP project on the 2012-13 biennium is unknown at this time.

## **BUDGETARY LIMITATIONS**

The Texas economy is feeling the effects of the worldwide recession. Overall, due to the global and national downturn, sales tax collections are declining across most major sectors of the Texas economy. The agency is also feeling the effects of the recession as more taxpayers become delinquent with their payments. This delinquency causes collection assignments to increase. Over the last twelve months, escalating sales tax delinquencies, coupled with implementation of the revised franchise tax, has increased the inventory of average monthly collection assignments by 66 percent and the average monthly delinquent liability balances by \$373 million, or 173 percent.

The Legislature has imposed various employment and spending limitations on state agencies. The recently mandated five percent reductions have resulted in a reprioritization of agency initiatives and spending patterns. In response to the reductions, the agency has implemented several cost curtailment efforts, including salary and hiring freezes and cutbacks in travel, consumables and related expenses. Agencies have also been instructed to plan for further reductions up to ten percent in the 2012-13 legislative appropriations request. If these reductions are enacted, agency programs, performance and revenue collections could be severely impacted.

The current employment cap limits the number of full-time equivalent (FTE) positions in each agency, while the out-of-state travel cap limits the expenditure of funds for that purpose. The Comptroller's office concurs with the efforts to limit the size of state government and has always adhered to all riders that impose limitations on state spending.

## **FUTURE BUDGET NEEDS**

The agency has taken the necessary steps to ensure that expenditures are maintained at current funding levels. The Comptroller has stressed the need to eliminate redundant and inefficient processes and identify cost saving ideas that could lead to a more productive work environment.

The future poses many challenges and opportunities for the agency. The Comptroller's office is committed to providing access to its information and services to all Texans via the Web. Through major technology initiatives and innovative approaches to government, the Comptroller's office will strive to improve its services at the least cost to Texas taxpayers while keeping its constitutionally mandated responsibilities at optimum service levels. As the state's leader in fiscal responsibility, the Comptroller's office will continue to promote openness in government and transparency at all levels.

#### IV.

### SERVICE POPULATION DEMOGRAPHICS

#### OVERALL POPULATION GROWTH

As the state moves forward into the 21st century, four major demographic trends will continue to shape the future of the Texas work force:

- overall population growth;
- an aging population;
- growing racial and ethnic diversity; and
- variations between metropolitan and non-metropolitan areas.

Texas is one of the fastest growing states in the nation. Since 2000, the state's population has increased by 21.7 percent. At the same time, however, the population is becoming older, less rural and more diverse. These changes require business and community leaders to address the needs of maintaining and building an infrastructure, coping with the cost of health care and providing the educational system needed to compete in a global economy.

By July 2010, an estimated 25.3 million people will live in Texas. According to the Comptroller's fall 2009 state forecast, Texas' population will rise by 8.7 percent over the next five years, to 27.5 million in 2015. (See **Exhibit 11.**)

New residents continue to move to Texas. Because the Texas economy adds jobs at a faster rate than the U.S. economy, net migration to Texas continues to be a major factor in the state's population growth. Even in the recent economic downturn, the Texas economy continues to outperform the national economy. In 2010, an estimated 231,000 more people moved into the state than moved out. The numbers of people will likely decrease to an estimated 188,000 in 2012 and 187,000 people in 2013, then begin to increase again beginning in 2014. Overall, the pattern of net migration to Texas is expected to continue.

General population growth, reflecting the state's relatively high birth rate and continued positive net migration of new residents, will drive the growth in the state's total new jobs over the next 10 years. An estimated growth of 2.4 million jobs is anticipated between 2006 and 2016. Occupations that will benefit the most from the state's expanding population include primary, secondary and special education teachers; computer specialists; health care practitioners and technical occupations such as registered nurses, health diagnostics, treating practitioners, and health technologists; personal and home care aides; business and financial operations; protective service; construction and extraction; and food and beverage service workers.

**EXHIBIT 11**  
**Texas Population Projections and Components of Change: 2008 to 2018**

Year	Population	Annual Change*		Components of Change*		
		Amount	Percent	Births	Deaths	Net Migration
2008	24,304,290	466,590	1.9%	412,230	160,950	215,310
2009	24,782,300	478,010	1.9%	410,160	163,150	231,000
2010	25,254,390	472,090	1.9%	407,250	166,230	231,070
2011	25,697,950	443,560	1.7%	407,620	169,260	205,200
2012	26,125,430	427,480	1.6%	411,480	172,040	188,040
2013	26,553,420	427,990	1.6%	415,650	174,930	187,270
2014	26,996,010	442,590	1.6%	420,460	177,920	200,050
2015	27,462,280	466,270	1.7%	425,540	180,970	221,700
2016	27,944,560	482,280	1.7%	430,820	183,970	235,430
2017	28,432,360	487,800	1.7%	436,280	187,050	238,570
2018	28,925,530	493,170	1.7%	441,820	190,320	241,670

\* For years from July to June  
Source: Texas Comptroller of Public Accounts, Fall 2009 State Economic Forecast.

## AN AGING POPULATION

The growing population of Texas has also been following a national aging trend. The state's population, like that of the U.S. as a whole, is maturing (although Texas' population remains relatively younger than the nation's). This trend is due to the aging of the large "baby-boom" generation, along with declining birth rates. As a result, the number of older working-age Texans (age 45 to 64) will grow by 8.7 percent over the next five years. In contrast, the number of young working adults (age 25 to 44) will grow by 5.9 percent with those ages 24 and younger seeing growth of 6.9 percent. (See **Exhibit 12.**)

In addition to overall population gains, the relatively high growth of both the younger and older populations will account for large growth in certain occupations. During this period, the relatively high gains in the younger age population will drive expanding demands for elementary/secondary teachers and teacher assistants; post secondary teachers; business and financial occupations; and child care workers. On the other hand, the aging of the population will be the primary factor increasing the demands for a cluster of health-care related occupations, including registered nurses and other health practitioners and personal home and health care aides.

**EXHIBIT 12**  
**Texas Population by Age Group: 2008 to 2018**

Year	Age 0-4	Age 5-14	Age 15-19	Age 20-24	Age 25-44	Age 45-64	Age Over 64	Total
<b>Number of Texans by Age Group</b>								
2008	2,025,548	3,627,386	1,761,048	1,754,492	7,005,265	5,656,055	2,474,495	24,304,289
2009	2,064,332	3,704,975	1,780,763	1,770,817	7,096,083	5,801,937	2,563,394	24,782,301
2010	2,092,036	3,785,108	1,800,114	1,791,310	7,188,144	5,933,363	2,664,315	25,254,390
2011	2,109,629	3,859,979	1,819,600	1,813,505	7,273,699	6,048,404	2,773,133	25,697,949
2012	2,121,474	3,928,521	1,840,848	1,837,950	7,354,870	6,151,847	2,889,921	26,125,431
2013	2,130,359	3,991,600	1,865,191	1,865,681	7,435,645	6,249,435	3,015,509	26,553,420
2014	2,141,956	4,050,059	1,893,841	1,896,542	7,519,908	6,346,936	3,146,768	26,996,010
2015	2,160,246	4,105,801	1,926,801	1,930,300	7,611,032	6,447,834	3,280,266	27,462,280
2016	2,184,229	4,159,325	1,962,175	1,966,464	7,707,678	6,550,178	3,414,512	27,944,561
2017	2,212,456	4,210,674	1,998,189	2,004,292	7,807,356	6,651,759	3,547,634	28,432,360
2018	2,243,901	4,261,342	2,034,158	2,043,549	7,910,146	6,752,910	3,679,524	28,925,530
<b>Share of Texans by Age Group</b>								
2008	8.3%	14.9%	7.2%	7.2%	28.8%	23.3%	10.2%	100.0%
2009	8.3%	15.0%	7.2%	7.1%	28.6%	23.4%	10.3%	100.0%
2010	8.3%	15.0%	7.1%	7.1%	28.5%	23.5%	10.5%	100.0%
2011	8.2%	15.0%	7.1%	7.1%	28.3%	23.5%	10.8%	100.0%
2012	8.1%	15.0%	7.0%	7.0%	28.2%	23.5%	11.1%	100.0%
2013	8.0%	15.0%	7.0%	7.0%	28.0%	23.5%	11.4%	100.0%
2014	7.9%	15.0%	7.0%	7.0%	27.9%	23.5%	11.7%	100.0%
2015	7.9%	15.0%	7.0%	7.0%	27.7%	23.5%	11.9%	100.0%
2016	7.8%	14.9%	7.0%	7.0%	27.6%	23.4%	12.2%	100.0%
2017	7.8%	14.8%	7.0%	7.0%	27.5%	23.4%	12.5%	100.0%
2018	7.8%	14.7%	7.0%	7.1%	27.3%	23.3%	12.7%	100.0%

Source: IHS Global Insight, Incorporated; and Texas Comptroller of Public Accounts.

## GROWING ETHNIC AND RACIAL DIVERSITY

Another key is the changing racial and ethnic character of Texas. The first Texas census in 1850 counted 154,034 white Texans (72.5 percent) and 58,558 African-American Texans (27.5 percent). Although the White category included Hispanics, the Non-Hispanic White population has been Texas' majority racial and ethnic group until recently and accounts for 45.1 percent of the state's total population in 2010.

The Non-Hispanic White population is growing more slowly than other racial or ethnic groups, however, and in 2004, for the first time, Texas no longer had a majority racial or ethnic group. Between 2010 and 2015, the Non-Hispanic White population should grow by just 1.0 percent. (See **Exhibit 13**.) By contrast, the number of Texas Hispanics is expected to rise by 19.8 percent over the same time period, raising Hispanics' share of the state's total population from 38.8 percent to 42.1 percent. The African-American share of the state's population will drop just slightly over the next five years, from 11.5 percent to 11.4 percent.

**EXHIBIT 13**  
**Texas Population by Race and Ethnicity: 2008 to 2018**

Year	Month	Non-Hispanic White	Non-Hispanic Black	Hispanic	Non-Hispanic Other	Total Population
<b>Number of Texans by Race and Ethnicity</b>						
2008	July	11,383,275	2,820,476	9,131,812	1,048,084	24,383,647
2009	July	11,413,322	2,872,929	9,485,163	1,102,359	24,873,773
2010	July	11,441,595	2,925,751	9,847,852	1,158,749	25,373,947
2011	July	11,468,216	2,978,813	10,219,674	1,217,296	25,883,999
2012	July	11,493,060	3,032,077	10,600,448	1,278,158	26,403,743
2013	July	11,516,009	3,085,386	10,989,822	1,341,402	26,932,619
2014	July	11,536,966	3,138,525	11,387,497	1,407,122	27,470,110
2015	July	11,555,667	3,191,394	11,793,119	1,475,370	28,015,550
2016	July	11,571,993	3,243,863	12,206,543	1,546,333	28,568,732
2017	July	11,585,852	3,295,810	12,627,843	1,620,025	29,129,530
2018	July	11,597,226	3,347,165	13,057,030	1,696,529	29,697,950
<b>Share of Texans by Race and Ethnicity</b>						
2008	July	46.7%	11.6%	37.5%	4.3%	100.0%
2009	July	45.9%	11.6%	38.1%	4.4%	100.0%
2010	July	45.1%	11.5%	38.8%	4.6%	100.0%
2011	July	44.3%	11.5%	39.5%	4.7%	100.0%
2012	July	43.5%	11.5%	40.1%	4.8%	100.0%
2013	July	42.8%	11.5%	40.8%	5.0%	100.0%
2014	July	42.0%	11.4%	41.5%	5.1%	100.0%
2015	July	41.2%	11.4%	42.1%	5.3%	100.0%
2016	July	40.5%	11.4%	42.7%	5.4%	100.0%
2017	July	39.8%	11.3%	43.4%	5.6%	100.0%
2018	July	39.1%	11.3%	44.0%	5.7%	100.0%

Source: Texas State Data Center.



## VARIATIONS BETWEEN METROPOLITAN AND NON-METROPOLITAN AREAS

Finally, the trend toward Texas as an urban state continues. Texans continue to be drawn to the state's metropolitan (metro) areas in search of greater economic and cultural opportunities. Economic stability spurs business investments in metro economies and further encourages the in-migration of people seeking employment, education or other opportunities. With economic expansion comes higher income levels, a greater demand for goods and services and the increasing attractiveness of the metro areas.

Texas is one of the most metropolitan states in the nation. As of 2010, 88.5 percent of all Texans live in Metropolitan Statistical Areas (MSAs). (See **Exhibit 14**.) By 2015, the state's MSA population will have risen by 9.6 percent compared to non-MSA growth of just 1.9 percent. The MSA share of the state's total population will be 89.2 percent by 2015. (See **Exhibit 15**.)

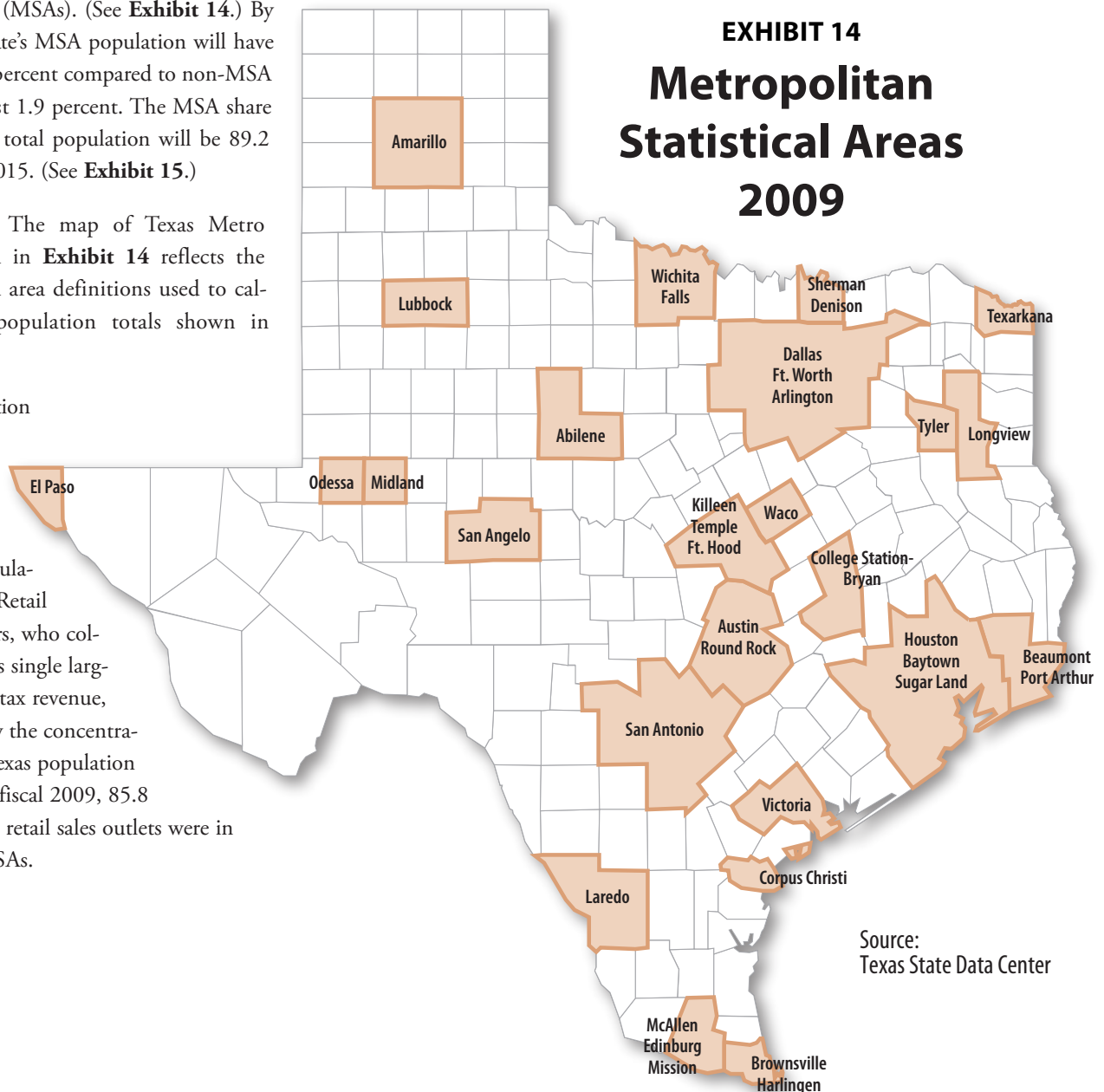
NOTE: The map of Texas Metro Areas shown in **Exhibit 14** reflects the metropolitan area definitions used to calculate the population totals shown in **Exhibit 15**.

The distribution of Texas taxpayers reflects the distribution of Texas' population overall. Retail sales taxpayers, who collect the state's single largest source of tax revenue, closely follow the concentration of the Texas population in MSAs. In fiscal 2009, 85.8 percent of all retail sales outlets were in the state's MSAs.

*Chief Executive* magazine's 2009 survey of CEOs for its "Best and Worst States" ranking found Texas to be the top-ranked state in which to do business for the fourth year in a row, while *Business Facilities* magazine rated Texas the "Best Business Climate" among all states in 2009. Allied Van Lines ranked Texas as the top relocation destination in the country for 2008 in its 41st annual *Magnet States Report*.

Technology and the Internet will also be factors in bringing people and services closer together. Even though the Internet reduces proximity as a factor in the buyer-seller relationship, geography remains important for companies doing business over the Internet. They can benefit by being close to education facilities, business partners, services and even competitors.

### EXHIBIT 14 Metropolitan Statistical Areas 2009



Source:  
Texas State Data Center

**EXHIBIT 15**  
**Texas Metropolitan Statistical Area Population Projections**

MSA	2008	2009	2010	2011	2012
Abilene	159,240	160,188	160,956	161,355	161,841
Amarillo	244,084	246,812	249,257	251,231	253,301
Austin-Round Rock	1,659,885	1,711,456	1,762,618	1,810,798	1,858,236
Beaumont-Port Arthur	377,544	378,582	379,171	379,202	379,413
Brownsville-Harlingen	390,100	397,259	404,367	411,502	418,464
College Station-Bryan	207,833	212,905	217,766	221,794	224,900
Corpus Christi	413,631	416,435	418,861	421,135	423,842
Dallas-Fort Worth-Arlington	6,319,345	6,465,812	6,612,779	6,762,206	6,910,712
El Paso	740,147	752,882	769,596	790,982	807,262
Houston-Sugar Land-Baytown	5,744,867	5,885,000	6,017,002	6,135,338	6,253,263
Killeen-Temple-Fort Hood	378,999	379,168	379,040	380,907	385,186
Laredo	236,643	242,120	247,649	253,393	259,058
Longview	204,836	207,162	209,201	210,470	211,856
Lubbock	272,374	277,285	282,053	285,615	287,387
McAllen-Edinburg-Mission	723,767	743,632	763,917	784,953	806,188
Midland	129,555	132,708	135,718	138,208	140,005
Odessa	131,678	135,054	138,414	141,422	143,595
San Angelo	109,273	110,234	111,069	111,539	111,975
San Antonio	2,035,530	2,077,254	2,119,770	2,164,441	2,207,594
Sherman-Denison	118,979	120,180	121,249	122,077	122,949
Texarkana (Texas side only)	136,165	137,669	139,080	139,939	140,383
Tyler	201,615	205,096	208,336	210,790	213,258
Victoria	114,416	115,533	116,481	116,869	117,155
Waco	231,153	233,683	235,914	237,734	239,709
Wichita Falls	147,607	147,390	147,182	147,120	147,134
Total MSA	21,429,266	21,891,499	22,347,446	22,791,020	23,224,666
Share	88.2%	88.3%	88.5%	88.7%	88.9%
Total Non-MSA	2,875,024	2,890,801	2,906,944	2,906,930	2,900,764
Share	11.8%	11.7%	11.5%	11.3%	11.1%
Texas	24,304,290	24,782,300	25,254,390	25,697,950	26,125,430

Source: IHS Global Insight, Incorporated; and Texas Comptroller of Public Accounts.

*Concluded on the following page*

**EXHIBIT 15 (concluded)**  
**Texas Metropolitan Statistical Area Population Projections**

MSA	2013	2014	2015	2016	2017	2018
Abilene	162,472	163,133	163,822	164,508	165,199	165,894
Amarillo	255,408	257,577	259,844	262,140	264,456	266,789
Austin-Round Rock	1,905,797	1,953,333	2,001,080	2,049,106	2,097,447	2,146,198
Beaumont-Port Arthur	379,686	380,041	380,459	380,868	381,317	381,803
Brownsville-Harlingen	425,539	432,742	440,147	447,680	455,368	462,932
College Station-Bryan	227,770	230,659	233,642	236,661	239,712	242,791
Corpus Christi	426,541	429,252	432,050	434,860	437,701	440,568
Dallas-Fort Worth-Arlington	7,059,059	7,207,067	7,355,754	7,505,283	7,655,638	7,807,187
El Paso	819,463	830,114	840,601	851,141	861,608	872,044
Houston-Sugar Land-Baytown	6,371,133	6,488,580	6,606,586	6,725,215	6,844,434	6,964,414
Killeen-Temple-Fort Hood	390,774	396,534	402,507	408,594	414,791	421,096
Laredo	264,816	270,679	276,332	281,857	287,522	293,325
Longview	213,284	214,755	216,266	217,779	219,305	220,843
Lubbock	288,729	290,131	291,628	293,154	294,689	296,227
McAllen-Edinburg-Mission	827,489	848,809	870,271	891,945	913,791	935,855
Midland	141,099	142,221	143,376	144,544	145,730	146,930
Odessa	144,832	146,109	147,411	148,713	150,024	151,344
San Angelo	112,414	112,863	113,342	113,824	114,311	114,802
San Antonio	2,247,260	2,285,980	2,324,734	2,364,364	2,404,440	2,444,755
Sherman-Denison	123,837	124,743	125,695	126,664	127,644	128,633
Texarkana (Texas side only)	140,815	141,276	141,764	142,247	142,755	143,284
Tyler	215,778	218,353	220,980	223,622	226,294	228,993
Victoria	117,459	117,778	118,144	118,527	118,929	119,350
Waco	241,733	243,813	245,937	248,060	250,195	252,340
Wichita Falls	147,139	147,135	147,147	147,160	147,187	147,228
Total MSA	23,650,326	24,073,677	24,499,519	24,928,516	25,360,487	25,795,625
Share	89.1%	89.2%	89.2%	89.2%	89.2%	89.2%
Total Non-MSA	2,903,094	2,922,333	2,962,761	3,016,044	3,071,873	3,129,905
Share	10.9%	10.8%	10.8%	10.8%	10.8%	10.8%
Texas	26,553,420	26,996,010	27,462,280	27,944,560	28,432,360	28,925,530

Source: IHS Global Insight, Incorporated; and Texas Comptroller of Public Accounts.

## V.

### TECHNOLOGICAL DEVELOPMENTS

The Comptroller's office has integrated technology into all aspects of its operations. This integration – past, present and future – has been, and will continue to be, in direct support of the goals of the agency.

#### Improve Voluntary Tax Compliance

The Comptroller believes the easier it is for taxpayers to register, file and pay taxes, the higher the degree of voluntary tax compliance. As a result, the Comptroller's office has aggressively pursued the use of technology to give taxpayers access to services either through the Internet or over automated telephone systems. In the future, the Comptroller's office will continue to expand taxpayer self-service options via a Web portal as a “one-stop tax shopping solution.”

Customer tax automation efforts historically have been focused on providing online services for sales tax patrons, including providing the ability to register, pay and file. Building on the positive customer reception to online tax services, the Comptroller's office created a multi-year technology modernization initiative to update core agency tax systems for even greater customer convenience. Previously, crude oil, natural gas and franchise tax services were made available online. During the past year, additional tax services for battery, heavy duty diesel, fireworks, three 911 subtypes, insurance premiums, insurance maintenance, mixed beverage, auto theft prevention authority and hotel taxes became available. More than 15,000 taxpayers may now file and pay their tax returns electronically. By December 2012, over 25 of the state's more than 60 separate taxes and fees will be Web-enabled as a result of the modernization initiative. Taxpayers will not only be able to file their taxes online, but also pay their taxes online for the majority of taxes that are available.

In this time of budget constraints, the Comptroller's office will not rely solely on electronic filing and payment to ensure all money owed to the state is collected timely. With the next phase of the technology modernization initiative, the agency will focus on the delinquent tax collection and audit functions. The Comptroller's office will examine new solutions, for example, to make it easier for enforcement officers to contact taxpayers and for taxpayers to make payments, such as allowing field staff to accept credit cards in addition to checks and money orders.

### Manage the State's Fiscal Affairs

Transparency in government is a top priority for the Comptroller's office. Since the Comptroller's office administers many of the statewide financial systems used by agencies on a daily basis, efficiently managing the state's fiscal affairs is highly dependent on universal access to the detailed financial information of state agencies and institutions of higher education.

In the past, state agencies managed financial information and reporting independently, resulting in various data formats and types. In an attempt to provide some level of standardization, the Comptroller's office developed the Unified Statewide Accounting System (USAS) and the Unified Statewide Personnel System (USPS). Limitations in terms of standardization, functionality and level of detail still remain, however, hindering the ability to uniformly report on items such as expenditures, budgets and purchases.

To further financial and reporting uniformity, the Comptroller's office is leading the effort to develop, maintain and support Enterprise Resource Planning (ERP), an effort called for by legislators during the 80th legislative session. The goal of the state's ERP initiative, ProjectONE – Our New Enterprise, is to standardize and integrate financial, human resources and payroll applications across state agencies and institutions of higher education. The endeavor will make each agency more transparent and accountable to taxpayers and enable each agency to track spending more easily.

Currently in development, ProjectONE is being implemented by the Texas Departments of Transportation, Information Resources, Family and Protective Services, State Health Services, Assistive and Rehabilitative Services, Aging and Disability Services and the Health and Human Services Commission. Phase Two will expand ProjectONE to additional state agencies.

ProjectONE will create a single set of real-time books for the general ledger, accounts payable, accounts receivable, budgeting, inventory, asset management, payroll, projects, grants, human resources and procurement activities of state agencies and institutions of higher education. Progress to date includes contracts for:

- A statewide license for Oracle/PeopleSoft ERP software for use by all agencies
- ERP implementation services
- ERP Project Management Oversight Services



- ERP software and maintenance, hardware, training and hosting services between the participating agencies and the Comptroller's office

The business intelligence (BI) initiative has already provided vast improvements in accessing statewide financial information by allowing data mining and reporting on previously hard-to-access data through the Fiscal Management Query search tool. In addition to agency financial data, BI has enabled the Comptroller's office to further the goal of managing the state's fiscal affairs by placing valuable demographic and economic data on the TexasEdge website, which is used by local governments to assist in determining what economic development projects best match needs to available community resources. Successful local economic development projects eventually translate into revenue for the state.

The BI initiative will further improve the transparency of government through the Open Data Center site, which is a new service offered as part of the Comptroller's transparency initiative. It is designed to provide direct access to machine-readable, platform-independent raw datasets, as well as other important data tools. In addition to providing data files for download, the Open Data Center will use "mashup" technology, which combines data from multiple sources, to make it easier for the general public to understand complex financial data.

Another strategy employed by the Comptroller's office to manage the state's fiscal affairs includes enhancing the state's procurement systems. The Comptroller's office developed and currently manages Texas Smart Buy, an online shopping cart system that Texas state agencies and eligible local government entities can use to purchase goods and services from state contracts. The online shopping cart system has saved time and created efficiencies for buyers and sellers via the elimination of paper mailings of purchase orders and other manual processing steps. Purchasers have experienced a reduced cycle time for orders that previously took four to five days, dependent on delivery time by the U.S. Postal Service, down to an immediate electronic order submission to the vendor.

The Comptroller's office is also in the process of replacing Impala, the current bid management system used by the Texas Procurement and Support Services area, with a PeopleSoft-based system. The new system will standardize procurement practices and provide enhanced reporting

capabilities. The agency has completed the purchasing agreement for implementation services for the new system as well as the requirements and fit/gap analysis.

The existing Treasury system, which processes all state tax revenue, is written in an outdated software language and was in danger of becoming a liability due to the loss of in-house systems operations knowledge (i.e., experienced personnel) and vendor system maintenance obsolescence. The Comptroller's office responded by placing a high priority on the replacement of the Treasury system.

Much progress has been made on the Treasury Rewrite project over the last two years, including a fit-gap analysis, the design and configuration of the system and the integration of monitoring the pooled collateral of public funds as required by legislators during the 81st legislative session. The new system will support all Treasury functions, including banking and electronic processing services, treasury accounting and cash and securities management and reporting.

## **Manage the Receipt and Disbursement of State Tax Revenue**

One of the most important responsibilities of the Comptroller's office is to efficiently manage the receipt and disbursement of state tax revenue. Although it is the agency's desire to conduct all taxpayer filing and paying transactions using automated means (Internet or telephone), many taxpayers still prefer to send paper returns through the mail. The agency has invested in technologies for the imaging and electronic capture of data from paper to allow faster processing of information and enable the more rapid receipt of revenue. For some time, the agency has had the capability to capture basic data from paper tax returns. With the implementation of the updated franchise tax, the agency is capturing data completely in electronic format. In addition to the updated franchise tax, the sales, crude oil and natural gas tax filings and any paper payments received are now moved to the new automated process. The agency will continue to add additional taxes to this enhanced imaging process to reduce the time and effort to process paper tax returns.

In order to guarantee the timely receipt and disbursement of revenue, the Comptroller's office is engaging in an aggressive program to modernize all information technology systems. Several Innovation and Technology initiatives are focusing on this effort. The agency upgraded to a state-of-the-art data center in March 2008 in the effort to modernize information technology systems. In addition, activities are

in progress to upgrade the environment that houses these applications, such as determining the best use of server hardware to house the applications, using server virtualization and consolidating applications on fewer servers. Finally, an initiative to rewrite legacy software applications using more modern software languages has been established.

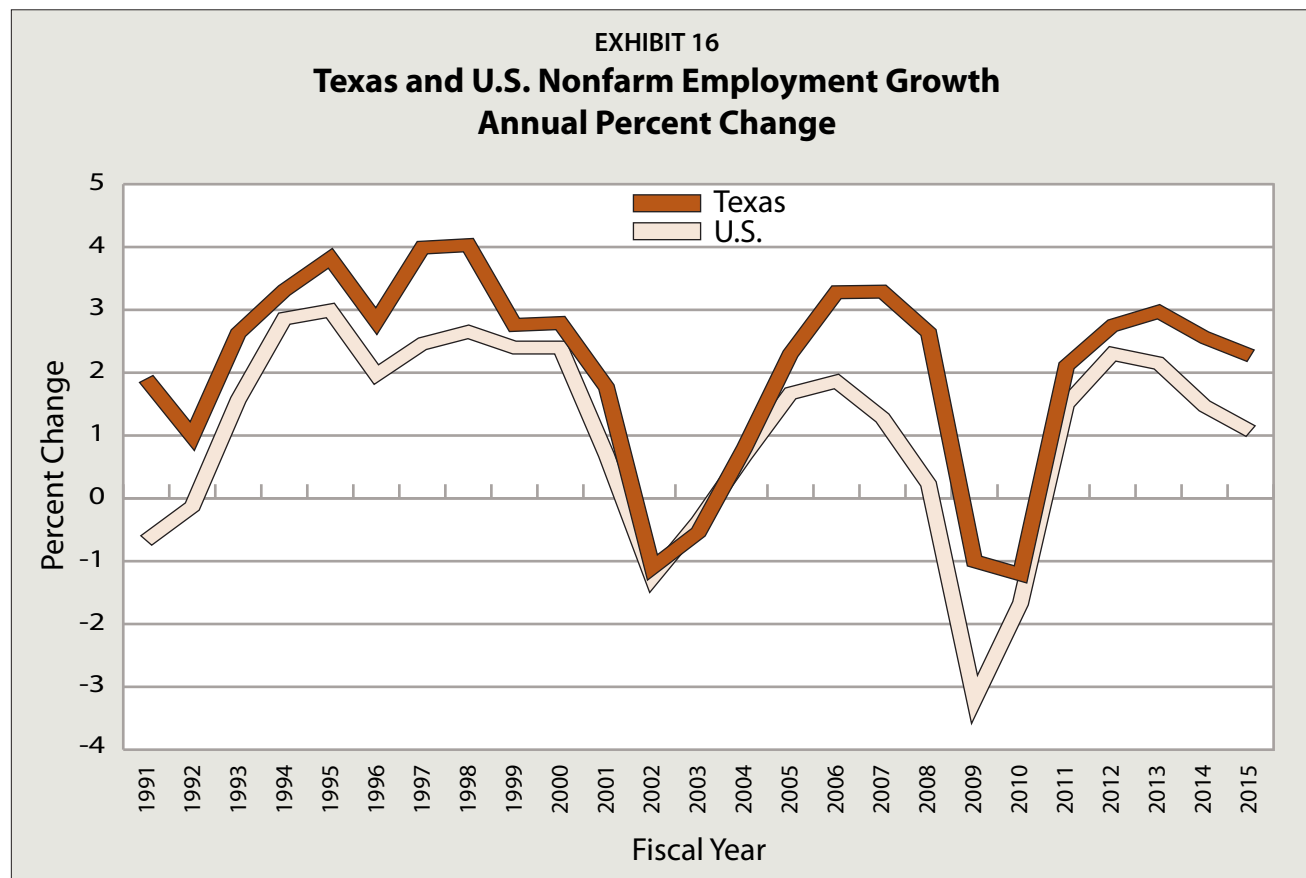
## VI.

### ECONOMIC VARIABLES

Although the Texas economy, the world's 11th largest, continues to fare better than many other states, the effects of the worldwide recession were felt during 2009. The economy continued to grow through most of 2008, with employment peaking in August that year, but Texas joined the nation in losing jobs in the latter part of 2008. Texas' gross state product (GSP) declined in 2009, but at a slower rate than the U.S. economy (-1.7 percent versus -2.5 percent.) (See **Exhibit 16**.)

Despite the state's economy contracting in 2009, Texas' relative economic advantage should continue as the state and U.S. economies turn around and expand again in 2010. Although job growth will continue to lag behind the renewed expansion of economic production, the Comptroller's office estimates that Texas' GSP will grow by 2.6 percent during calendar 2010. The U.S. economy should grow at a slower rate of 2.0 percent during the year.

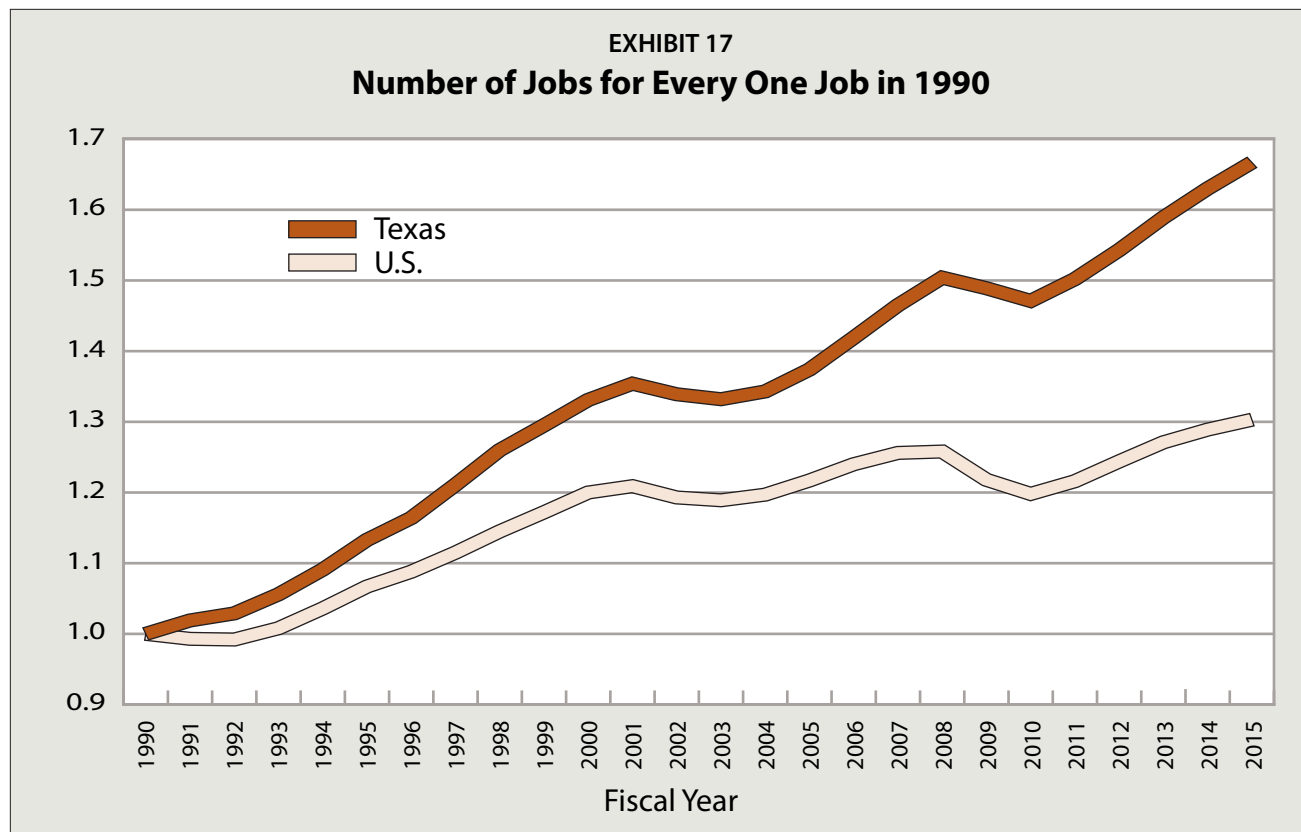
Over the past 30 years, the Texas economy has more closely mirrored the national economy, but it maintains distinguishing characteristics. The most notable difference is the comparative importance of the mining and logging industry, which is about five times more concentrated in Texas than the nation, owing to the state's greater involvement in oil and natural gas production and services. Consequently, the Texas economy more strongly outperforms the national economy when oil and natural gas prices are high (as in 2006-08) and performs comparatively less well when these prices drop.



Texas is adding jobs at a rate twice as fast as the nation. This presents a challenge to state government since the demand for government services grows in tandem with population and employment growth. By 2015, Texas is expected to have five jobs for every three Texas jobs in 1990. The nation will have less than four for every three over the same period. (See **Exhibit 17**.)

The growth in the Texas economy, as measured by real gross domestic product, will be boosted by the economic recovery over the next five years, averaging 3.5 percent per year. Over this period, the state's growth rate is expected to exceed the national rate by slightly over one-half of a percentage point (0.6 percent) per year.

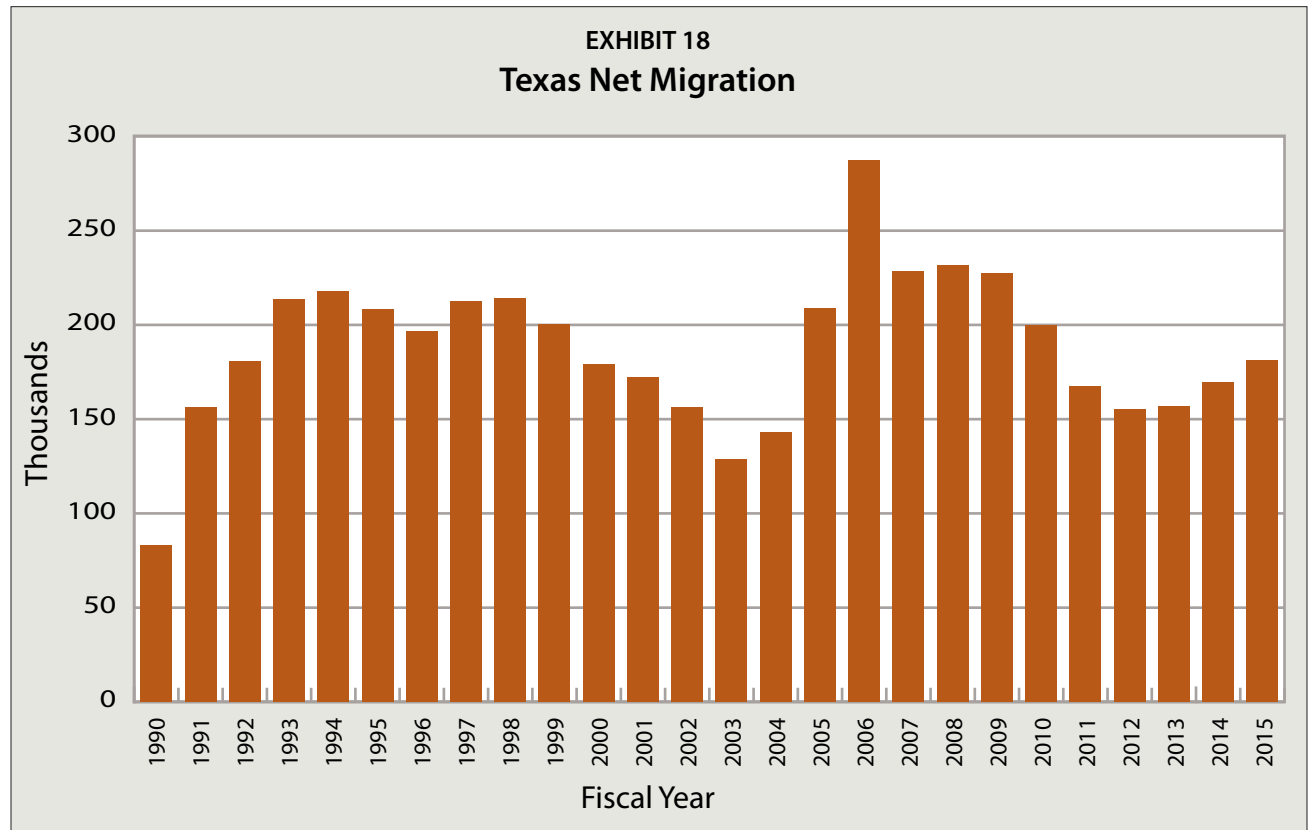
A key economic variable monitored by the Comptroller's office is net migration to or from the state. Texas last experienced a year when more people moved away than moved here in fiscal 1989. The level of net migration in Texas peaked in fiscal 2005 and 2006, with a substantial gain attributable to Hurricane Katrina immigrants, but it generally remains around 150,000 to 200,000 net migrants annually. Migration will continue to fuel population growth and will account for over 800,000 of the additional 2.2 million Texans expected between fiscal 2010 and 2015, when the state's population is projected to reach 27.4 million. The total population will grow by 1.7 percent per year over the period. (See **Exhibit 18**.)



Source: U.S. Bureau of Labor Statistics and Texas Workforce Commission.

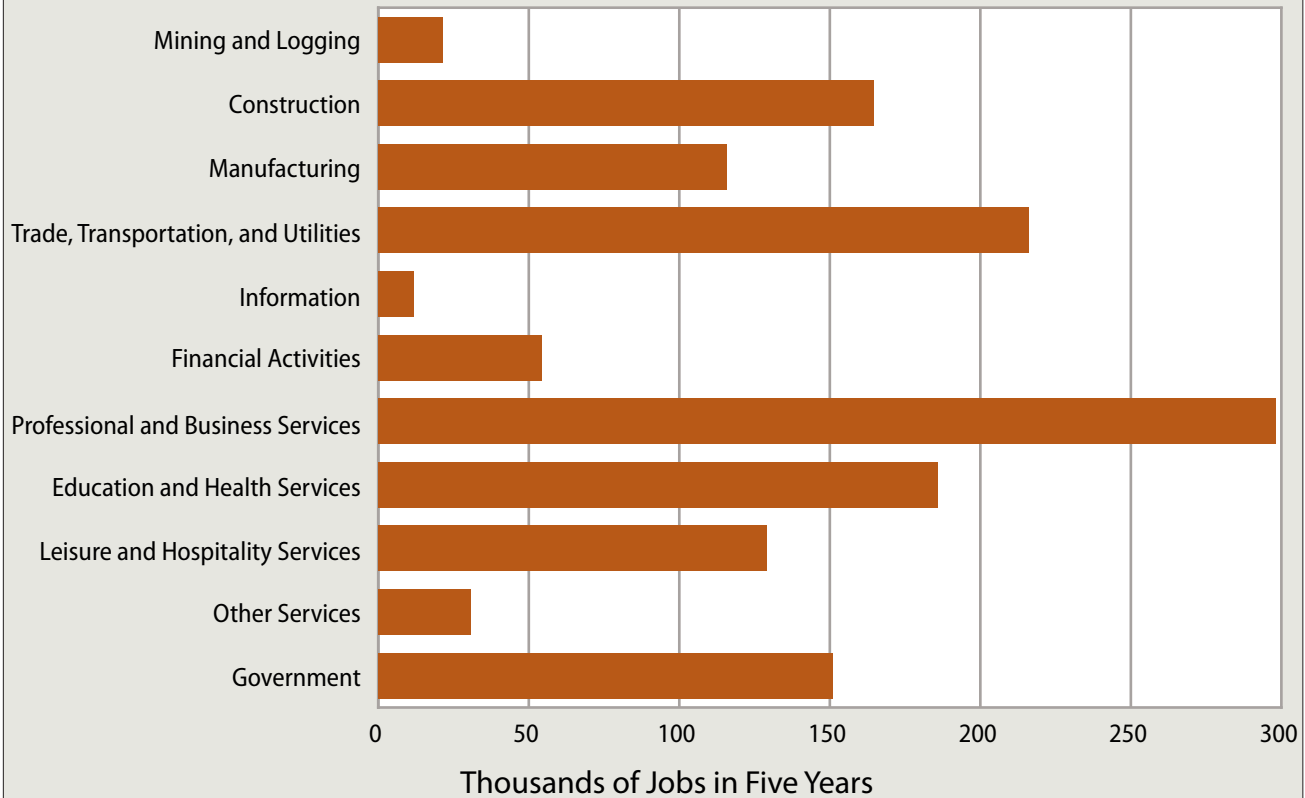
A healthy Texas economy produces jobs, encouraging continued migration to the state. Goods-producing jobs in particular stimulate the economy and Texas has enjoyed comparatively robust growth in the construction and manufacturing industries. As recently as the mid-1980s, Texas ranked seventh among the states in the number of manufacturing jobs, but Texas now ranks second. The rate of

manufacturing employment growth is expected to increase more quickly than the overall economy through 2015. From fiscal 2010 through 2015, total nonfarm employment will continue its upward march, rising by nearly 1.4 million jobs, to total 11.7 million in 2015. Job growth will advance at a pace of 2.5 percent per year, growing faster than average as it recovers from the 2009 recession.





**EXHIBIT 19**  
**Expected Job Growth by Industry in Texas**  
**Fiscal 2010-2015**



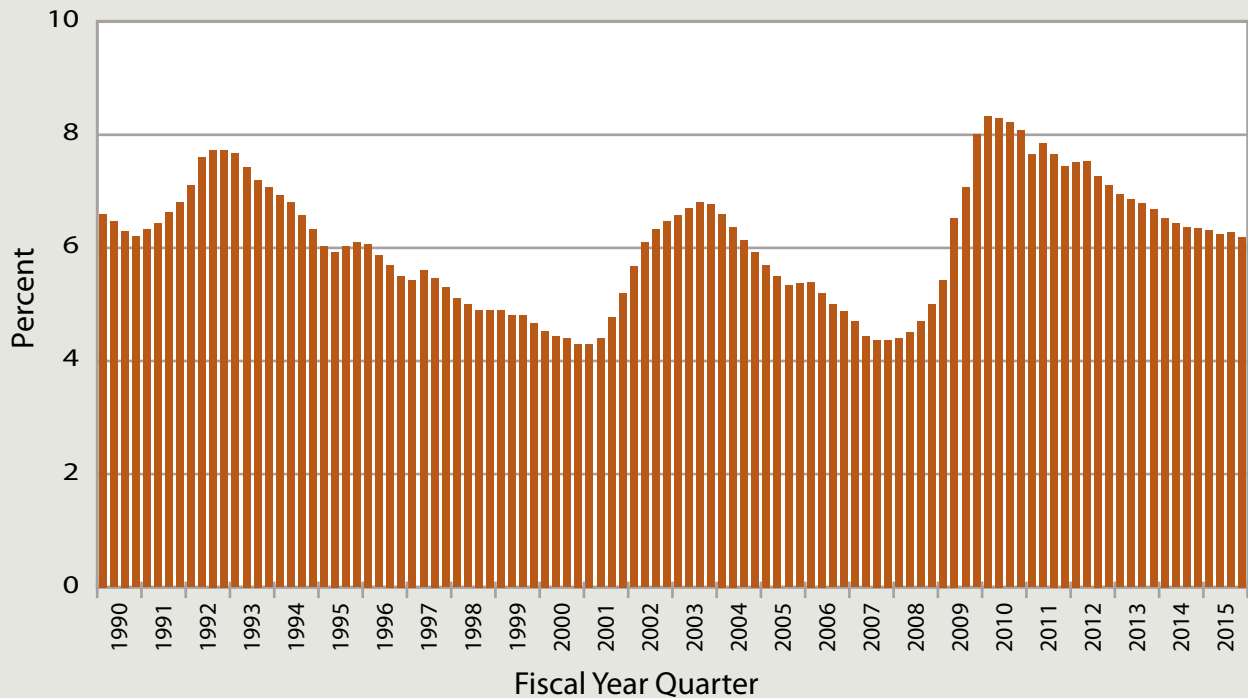
Source: Texas Workforce Commission.

All major industries will grow over the next five years, but the service-providing industries will provide the most jobs, with professional and business services leading the pack in both the number of jobs and the rate of growth. (See **Exhibit 19.**)

The trade, transportation and utilities industry will provide the second largest number of jobs, followed by education and health services. Construction will be lean in 2010

and 2011 before surging, while mining employment will follow the fortunes of difficult-to-forecast oil and natural gas prices. Manufacturing production will grow faster than manufacturing job growth, owing to productivity increases per worker and renewed export growth. The value of Texas' exports is expected to increase by 9 percent per year, pushing exports' gross state product share from its current 13 percent back to its 2008 peak of 16 percent in 2015.

**EXHIBIT 20**  
**Texas Unemployment Rate**  
 Historical and Projected



Texas is experiencing its highest unemployment rates in twenty-five years. Although the economy is slowly improving, the number of people looking for work continues to increase. The growth in available jobs is not keeping pace, which will result in uncomfortably high unemployment rates for the next several years. Now just beginning to recover, the Texas unemployment rate is expected to improve over the five-year horizon. (See **Exhibit 20**.)

Other key economic concerns that will affect Texas over the next five years include the health of the national economy; the increasingly important role played by exports and the value of U.S. currency in international markets; the direction of oil and natural gas prices; the role of alternate energy sources; environmental impacts on the economy; the speed and direction of net migration; and the aging of the state's population.

Since the agency's service population includes everyone in the state, changing economic conditions are fundamental to the agency's planning in response to these changes. Business and population growth will place greater demands on the agency's limited resources, requiring the agency to active-

ly plan for the demands of serving a growing taxpayer base and fulfilling its operational and informational functions.

An aging work force will require effective human resource strategies to maintain a productive agency staff focused on improvement. The need for a stable work force of information technology experts is also vital. With technology improvements and innovative Internet applications, the agency should be able to increase its productivity and accommodate the growing demand for agency services.

## VII.

### IMPACT OF FEDERAL STATUTES/REGULATIONS

The 111th Congress is dealing with a number of issues that may affect the Comptroller's office and Texas state government in years to come, including state taxation and federal spending. The following areas of current legislative interest illustrate the critical nature of these issues, which must be followed closely to monitor the potential impact on the state's tax base as well as the state's federal funding.

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## APPROPRIATIONS

The Comptroller's office evaluates Congressional changes to annual spending levels and how those adjustments impact state-administered federal programs including transportation, Medicaid, Medicare, education grants, child support enforcement and student loans.

### State Energy Conservation Office

The agency's State Energy Conservation Office (SECO) relies directly on State Energy Program (SEP) federal funds for program operation. SEP has faced unstable funding levels for several years, with appropriations in recent years as high as \$49.5 million and a current fiscal year budget of \$25 million. Texas receives approximately six percent of the total SEP formula appropriations. The uncertainty of annual appropriations makes mid- and long-term planning difficult.

### American Recovery and Reinvestment Act

SECO received approximately \$290 million in American Recovery and Reinvestment Act (ARRA) funding from the U.S. Department of Energy through four programs: the State Energy Program, the Energy Efficiency and Conservation Block Grant Program, the State Energy Efficient Appliance Rebate Program and the Energy Assurance Program. Due to the nature of ARRA funding, there are additional compliance and reporting requirements that SECO and its grantees must adhere to. In some cases, however, those guidelines have not yet been determined. There is also more scrutiny on these funds and the likelihood of federal and state audits is high, creating additional administrative burdens for the agency.

## NEW AND EXISTING TAXES

The Tax Administration area, consisting of Audit, Enforcement and Tax Policy, monitors federal legislation and implements the necessary changes to state law when federal laws preempt the state from imposing taxes on certain items or otherwise affect tax administration activities. The Mobile Telecommunications Sourcing Act of 2000, for example, provided specific rules for state and local governments imposing sales and use taxes on mobile telecommunications services.

More recently, the 2010 Prevent All Cigarette Trafficking Act (PACT Act) became law. The PACT Act imposes licensing, reporting and tax collection requirements on Internet and other remote sellers of cigarettes and smokeless tobacco products in an effort to stop sales to minors, reduce sales by organizations that might have ties to illegal activities and improve state, local and federal excise tax collections. The revenue impact, if any, on Texas' collection of cigarette and sales taxes has not been determined.

When appropriate, agency staff works with members and staff of the Texas Congressional delegation to provide information about how proposed legislation or matters being considered for federal action will affect Texas. In 2007, Congress extended the Internet Tax Freedom Act, which preempts states from imposing sales and use taxes on charges for Internet access until 2014. Agency staff worked in conjunction with staff from Texas Senator Kay Bailey Hutchison's office to insert language in the bill to protect Texas' tax revenues. These provisions allowed Texas to continue to impose sales and use tax on such services and to ensure the state was not precluded from collecting its revised franchise tax on businesses providing such services. Without that language, Texas stood to lose an estimated \$155 million annually. Congress is expected to revisit this subject as 2014 approaches.

Since September 2008, one employee from the Tax Policy division has been based at the Texas Office of State-Federal Relations in Washington, D.C., to allow for closer monitoring of federal legislation, attendance at relevant hearings and meetings and greater contact with Congressional staff on behalf of the agency.

Agency staff members in Austin with expertise in various areas of taxability are also involved in federal matters affecting Texas tax revenues or administration through involvement in organizations such as the Federation of Tax Administrators and the Multistate Tax Commission.

Congress will begin new, two-year sessions in January 2011, 2013 and 2015. Legislation filed in the current, 111th session of Congress, which began in January 2009, must be re-filed in future sessions in order to be considered for further action. The end date for the current session of Congress has not been established, but the following legislation, filed in the 111th Congress, would impact Texas if passed and is likely to be filed in future sessions.

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## **Franchise Tax – Business Activity Tax Simplification Act**

The business activity tax simplification act would impose a “physical presence” nexus standard, as defined by the act, to determine when a person’s business activities within a state are sufficient for the state to tax the activity. Litigation throughout the country has failed to provide clear guidance on whether a physical presence, as opposed to an economic presence, is the proper nexus standard for imposing a tax on income (or other similar tax bases) earned from business activity in the state.

The U.S. Supreme Court has not addressed the question of nexus since 1992, when a physical presence standard was unquestionably established on when a state can impose sales and use tax collection responsibilities on out-of-state sellers. The proposed standard, supported by many large businesses and opposed by Texas and other states, would reduce Texas franchise tax revenues by an estimated \$200 to \$400 million annually. The Multistate Tax Commission has proposed a clearer alternative that would pose a lesser threat to state revenue.

## **Insurance Tax – Nonadmitted Insurance and Reinsurance Reform Act of 2010**

For several years, legislation has been filed in Congress to address the allocation and taxation issues involving surplus lines insurance policies issued on a multi-state basis. Because of differing state statutes, regulations, due dates and tax rates, some agents and policyholders may be unsure how to report and pay taxes to each state. The Senate is considering S. 3217, which includes provisions known as the “Non-admitted and Reinsurance Reform Act of 2010.” These same provisions are contained in H.R. 4173, passed by the House in December 2009.

The Comptroller’s office, as well as the Texas Department of Insurance, opposes the act as it applies to surplus lines insurance policies placed through agents. Although the bill as passed will not necessarily affect the amount of insurance premium taxes collected, it will make the administration of these premium taxes more complicated. Auditing the reports filed will be more difficult due to the increased number of reports received from agents all across the country.

## **Hotel Tax – Online Travel Companies Selling Hotel Rooms**

Online travel companies (OTCs) have disagreed with state and local taxing entities in Texas and across the nation

about the correct basis for calculating hotel occupancy taxes when the rooms are sold through the “merchant” business model. The OTCs argue that hotel occupancy taxes should be levied on the wholesale price the OTCs pay hotels for rooms, while tax administrators contend the tax should be calculated on the higher retail price paid by the consumers who ultimately occupy the rooms. Private attorneys have filed numerous lawsuits on behalf of local taxing entities seeking back taxes from the OTCs.

At the federal level, no legislation has been filed, but the OTCs have repeatedly sought to have amendments attached to other legislation that would preempt state and local taxing authorities from imposing taxes on the difference between what the OTCs pay for the hotel rooms and what their customers pay the OTCs for the rooms. Agency staff is closely monitoring this issue in the courts, in Congress and in legislatures across the country as well as participating in a coalition of other state and local representatives asking Congress not to act on the issue.

## **Sales and Use Tax – Streamlined Sales and Use Tax Project**

The streamlined sales and use tax project, now a decade old, encourages simplicity and uniformity in the administration of sales and use taxes. States that conform to a streamlined agreement stand to benefit from the ultimate goal of the project: passage of federal law overturning U.S. Supreme Court nexus decisions and allowing states who are in compliance with the agreement to require sellers with no physical presence in the state to collect and remit use tax on purchases made by citizens of the state.

A decision to join the agreement will ultimately be up to the Texas Legislature. Agency staff continues to monitor the project through participation in work group meetings on potential amendments and rules for implementation to ensure the state’s interests are protected should Texas decide to join.

In December 2007, due to the involvement of Comptroller staff and the Comptroller personally, Texas-friendly amendments on the sourcing of sales tax collections were adopted. No federal legislation has been introduced during this session of Congress, but filing is expected. The legislation is also expected to address streamlining telecommunications taxes and fees, including locally imposed right-of-way franchise fees.



## **Sales and Use Tax – Voice over Internet Protocol Services**

Federal laws that affect the state's ability to collect sales and use taxes on telecommunications services could have a dramatic impact on overall sales and use tax collections. In 2009, at the request of the telecommunications industry and the Commercial and Administrative Law Subcommittee of the House Judiciary Committee, Tax Policy staff worked with leaders of the Federation of Tax Administrators and the telecommunications industry to see if agreement could be reached on amendments to the Mobile Telecommunications Sourcing Act as it related to certain Voice over Internet Protocol services. No bill was filed and no resolution was reached, but the issue is expected to be addressed again in the future.

## **Inheritance Tax – Reinstatement of the Federal Estate Tax**

Texas is among a group of states that structured inheritance taxes based on federal laws. Prior to 2005, estates that exceeded the minimum federal estate tax filing requirement were required to file an inheritance tax return and pay any applicable tax based on the federal credit for state death taxes. Federal law was changed to provide for a deduction for any state-imposed tax and the federal estate tax was phased out over time.

In 2011, prior federal law, with the credit provisions, is scheduled to again take effect. There have been proposals in Congress to change the law to reinstate the federal estate tax with the deduction provisions. It is not known at this time what Congress will do and whether Texas will see any revenue from the inheritance tax as it is currently structured.

## **AGENCY OPERATIONS**

From a tax administration perspective, when Congress acts by passing federal law, it is usually aimed at preempting tax on certain activities or requiring administration of existing taxes in a certain way. The effects of federal court cases, which also impact the agency, are harder to predict. The agency must continuously monitor how possible changes imposed by federal laws or court cases may alter a tax or fee administered by the agency and impact state revenue. When Congress acts, or federal decisions affect Texas laws or agency policies, Texas citizens and businesses may benefit from lower taxes paid or lower administrative costs if a tax is not required to be collected or vice versa.

Internally, changes caused by federal law or court cases impact agency resources. Staff must educate the public through publications, Webinars, speeches and training. Tax form changes and rule updates may also be required. Frequently, state statutes must be amended, requiring agency staff to work with state legislators on the amendments.

## **VIII.**

### **OTHER LEGAL ISSUES**

Legislation, court decisions, administrative hearings decisions and routine business issues requiring legal analysis and attention may present both challenges and opportunities for the agency. New legislation may affect state revenue, impact businesses and individual taxpayers, alter state services or simply allow the agency to offer improved taxpayer service.

### **IMPACT OF STATUTORY CHANGES**

Prior to a legislative session, staff of the General Counsel, working with Executive Administration, operating divisions and Legislative Affairs, prepares drafts of legislation on issues impacting the agency. Bills usually include items related to taxes, state finance or other programs the agency administers. Agency staff also reviews pending legislation relating to agency functions such as tax administration and state fiscal management. Upon request of the Legislature, agency staff serves as a resource for legislators by drafting amendments, preparing alternative drafts of proposed legislation or testifying as a resource witness.

After the legislative session, agency staff usually has a significant amount of implementation work, including drafting rules, researching issues surrounding new legislative initiatives, interpreting legislative and meeting with industry representatives to develop workable methods for implementing changes in the tax laws. After the 81st legislative session, more than 234 bills were assigned to the Comptroller's office for implementation, including HB 3676, involving appraised property value limitation agreements and requiring the Comptroller's office to perform an economic impact analysis before a school district agrees to limit the property values within the district for property tax purposes. Legal support is required throughout the process.

### **IMPACT OF CURRENT COURT CASES AND ADMINISTRATIVE HEARINGS**

Because the Comptroller is the state's chief tax administrator, the redetermination hearings process is a significant part of General Counsel's duties. The Administrative Hear-

ings Section represents the Comptroller's office in these hearings. Continuation of efforts to attract and retain highly qualified staff is essential to ensure that the state's interests are properly represented in these cases.

Finally, interpretation of the Tax Code and administration of the state's revenue and collections also presents a challenge. In excess of 267 tax lawsuits are currently pending against the Comptroller's office. The following court cases, if lost by the state, could necessitate statutory changes or have a significant fiscal impact.

### Sales Tax

There are several cases involving whether the sales tax exemption for manufacturing equipment applies to equipment used in providing telecommunication services, including:

*GTE Southwest, Inc., v. Strayhorn, et al.; Cause No. GN501139 in the 200th Judicial District Court, Travis County*

*Southwestern Bell Telephone, L.P. v. Strayhorn, et al.; Cause No. GN402300 in the 201st Judicial District, Travis County*

Each case presents the same basic issue: whether certain equipment used in providing telecommunication services, specifically equipment used to process and transmit sound, is exempt from sales tax under the manufacturing exemption. The 3rd Court of Appeals issued a favorable decision in the *GTE Southwest* case. The taxpayer filed a motion for rehearing on June 11, 2010. The *Southwestern Bell* case remains in district court.

There is also a case involving whether certain equipment used in the production of oil and gas qualifies for the manufacturing exemption.

*BP America, Inc. v. Combs, Cause No D-1-GN-08-004207 in the 261st Judicial District Court of Travis County*

### IMPACT OF LOCAL GOVERNMENT REQUIREMENTS

The General Counsel division also assists in implementing certain legal requirements that relate to local governments and the Comptroller's statutory duties, including local sales tax allocation and the collection of taxes and fees by local governments that must be transmitted to the state.

## IX.

### OPPORTUNITIES

Ultimately, the Comptroller's office is about numbers. Agency numbers tell the story of how the Texas economy has evolved and how it's doing. The statistics and data the agency compiles fuel important policy decisions that help shape the state's future. Numbers show where the state may be falling short, make the case for prudent investments and can serve to bring greater efficiencies in spending tax dollars.

Taxpayers increasingly ask, "Where does the money go?" Transparency in government means citizens must be able to see through its workings to know exactly what goes on when public officials transact public business.

At the Comptroller's office, staff continually strives to provide greater access to the information an informed electorate needs to strengthen its government and hold it accountable. Financial transparency at the state level was implemented in January 2007 with the posting of Comptroller's office expenditures on the *Where the Money Goes* website. This effort was expanded in December 2008 via the *Texas Transparency Check Up* website.

The agency encouraged local governments in Texas to open their books to the public by posting their budgets, annual financial reports and check registers online. The *Texas Transparency Check Up* offered a convenient way to track the progress of local governments toward this goal and for taxpayers to see how their local governments were spending their tax dollars. It listed all 254 Texas counties, the top 50 most populous cities, over 1,000 school districts, as well as special districts such as river and transit authorities and their transparency status.

In December 2009, the Comptroller's office launched the Leadership Circle program to recognize Texas local governments that are striving to meet a high standard for financial transparency online. Since the program launched, dozens of cities, counties and school districts have achieved the "Gold" designation, which recognizes entities that are setting the bar in their transparency efforts.

A new, expanded website, *Texas Transparency*, offers a comprehensive look at how the state spends tax dollars. The site features the agency's award-winning *Where the Money Goes* tools to track state spending, a new *Where the Money Comes From* tool to show state revenues, an Open Data Center for direct access to Comptroller data, information about

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the state budget process and a spotlight on transparency efforts at the local government level.

With the launch of *Texas Transparency*, citizens are empowered to delve even more deeply into the numbers. The Open Data Center gives visitors direct access to machine-readable, platform-independent raw datasets and the unique data slicing tools researchers at the Comptroller's office use.

As the state's leader in financial accountability and fiscal responsibility, the Comptroller's office will continue efforts to promote openness in government and financial transparency at all levels. As the Comptroller has said, "When we talk about transparency in terms of government spending, we're opening financial records for public examination so taxpayers can see exactly where their money is going. Increased transparency helps taxpayers hold officials accountable for the way money is spent."

# Agency Strategic Plan

For the Period 2011-2015

## Development of Agency Goals

To accomplish its mandated functions, the Comptroller's office has developed goals that reflect its priorities and direct its efforts toward the achievement of those functions. The goals are clear statements of where the agency wants to be in the future and what it intends to accomplish. Agency goals also address issues raised in the internal planning process.

Six primary goals, three of which are non-funded, direct the agency's efforts.

### FUNDED GOALS

#### I. Improve voluntary compliance with the tax laws.

*Texas Tax Code, Titles 2 and 3.*

As state government's chief tax collector, the Comptroller administers the state's tax laws through auditing, enforcement and the dissemination of tax policy information. Voluntary compliance is viewed as the cornerstone of tax administration. The state's ability to fund its many programs depends in large part on taxpayers meeting their tax responsibilities willingly.

#### II. Efficiently manage the state's fiscal affairs.

*Texas Constitution (Art. III, Sec. 49a, 49g, 49k); Texas Local Gov't Code, Sections 112.003, 154.008; Texas Gov't Code, Chapters 41, 401, 403, 404, 406, 604, 608, 659-662, 666, 815, 825, 830, 840, 1201, 2101, 2103, 2155, 2162, 2175, 2252, and 2254; Texas Education Code, Chapter 57; Texas Election Code, Chapter 19; Texas Property Code, Chapter 74; General Appropriations Act, 81st Legislature, Art. XII, Sec. 6e.*

As Texas' chief financial officer, the Comptroller manages most of the state's fiscal affairs. The Comptroller is

state government's primary accountant, responsible for writing the state's checks and monitoring all spending by state agencies. The Comptroller is also the state's official revenue estimator, providing the Legislature with anticipated state revenue information.

Beginning on Sept. 1, 1996, the Comptroller assumed the functions of the State Treasury, including the receipt, custody and safekeeping of public moneys and the administration of unclaimed property reported to the state. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards, raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury Safekeeping Trust, which invests, manages and oversees more than \$50 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, transferred the statewide procurement, fleet management, statewide historically underutilized businesses and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$14.4 billion in stimulus funds flowing through the state's treasury. More than 60 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent. The agency, in cooperation with the State Auditor's Office, is also charged with prescribing and implementing any payment and post-payment audit

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procedures deemed necessary to ensure compliance with the state and federal requirements.

In addition, the State Energy Conservation Office was awarded over \$290 million in stimulus funds from the U.S. Department of Energy to support energy efficiency and renewable energy initiatives through four different programs: the State Energy Program, Energy Efficiency and Conservation Block Grant Program, State Energy Efficient Appliance Rebate Program and the Energy Assurance Program.

### **III. Expediently manage the receipt and disbursement of state tax revenue.**

*Texas Gov't Code, Chapter 403; Texas Tax Code, Titles 2 and 3.*

As the state's chief tax collector, the Comptroller is responsible for collecting more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,500 cities, counties and other local governments. This responsibility includes maintaining taxpayer accounts, processing tax payment exceptions and adjustments and paying all unclaimed property claims.

## **NON-FUNDED GOALS**

### **IV. Develop and maintain a skilled work force, committed to quality performance.**

*(No specific statutory authorization).*

The Comptroller's complex and varied duties require experienced, highly trained employees. The Comptroller's pledge is to provide useful training and educational opportunities for all staff. Extensive efforts have been made to make high-quality training available and accessible to those who need it, when they need it.

### **V. Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.**

*(No specific statutory authorization).*

The Comptroller's office serves two types of customers. The agency's external customers are the taxpayers, vendors, state agencies and government officials for whom it provides various services. The nature of the agency's relationship to its external customers is different from those in the private sector, in that most of the agency's customers are required by law to do business with the Comptroller's office. Success in improving voluntary compliance with tax laws depends in large part on the level of satisfaction external customers feel toward the agency's services.

Within the Comptroller's office, divisions support each other, thus creating internal customers. The level of service provided internally is a crucial factor in efforts to achieve the agency's goals.

### **VI. Establish and carry out policies governing purchasing and all contracting that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBS).**

*Texas Gov't Code, Chapter 2161.*

The Comptroller's HUB Program is committed to promoting equal opportunities in the contract awards process for HUBs statewide and to serving as an exemplary model for other state agencies in meeting the HUB mandate.



# Agency Strategic Plan

For the Period 2011-2015

## Agency Goals and Strategies

AGENCY GOAL I (BUDGETED)	IMPROVE VOLUNTARY COMPLIANCE WITH THE TAX LAWS
<b>FIRST OBJECTIVE</b>	<p>Guarantee that the accuracy rate on tax amounts reported by taxpayers does not fall below 97 percent on original audits through 2013; permit at least 2,000 non-permitted businesses operating in Texas each fiscal year through 2013; and guarantee that audits are efficiently performed with average dollars assessed to dollar cost of \$25 or higher, based on historical performance.</p>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> <li>1. Percent accuracy rate of reported amounts on original audits</li> <li>2. Number of non-permitted businesses permitted</li> </ol>
<b>STRATEGY</b>	<p>Maintain an ongoing program of audit and verification activities in support of improved tax compliance.</p>
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of audits and verifications conducted</li> <li>2. Number of non-permitted taxpayers contacted through correspondence</li> <li>3. Number of hours spent on completed refund verifications</li> </ol>
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> <li>1. Average dollars assessed to dollar cost</li> </ol>
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> <li>1. Percent of audit coverage</li> </ol>
<b>SECOND OBJECTIVE</b>	<p>Average 269 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.</p>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> <li>1. Average turnaround time for closing delinquent and other accounts (days)</li> <li>2. Average monthly delinquent and other account closure rate per Enforcement Collector</li> <li>3. Percent of positive surveys received from attendees at taxpayer seminars</li> </ol>
<b>STRATEGY</b>	<p>Improve voluntary compliance with tax laws by maximizing the efficiency of the delinquent taxpayer contact and collection program.</p>
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of field office service area evaluations conducted</li> <li>2. Average taxpayer contacts by a call center collector per phone hour</li> <li>3. Number of taxpayer seminars conducted</li> </ol>

<i>Efficiency Measure</i>	1. Delinquent taxes collected per collection-related dollar expended
<i>Explanatory/Input Measures</i>	1. Minimum percent of field collector time in the field 2. Total delinquent dollars collected (in millions)
<b>THIRD OBJECTIVE</b>	<b>Obtain a 92 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.</b>
<i>Outcome Measure</i>	1. Percent of favorable responses obtained to quality control surveys sent to taxpayers concerning speed and accuracy of information disseminated
<b>STRATEGY</b>	Provide accurate and timely tax information to taxpayers, tax professionals, state officials, and the citizens of Texas.
<i>Output Measures</i>	1. Number of calls handled by Tax Assistance specialists 2. Total number of responses issued by the Tax Policy and Tax Policy Support areas
<i>Efficiency Measures</i>	1. Average time taken (in work days) to respond to correspondence assigned to the Tax Policy and Tax Policy Support areas 2. Average number of calls handled per Tax Assistance telephone specialist per work day 3. Percent of responses issued by the Tax Policy and Tax Policy Support areas within seven working days
<i>Explanatory/Input Measures</i>	1. Average overall monitoring score for Tax Assistance telephone specialists 2. Number of taxpayers participating in Independent Audit Reviews
<b>FOURTH OBJECTIVE</b>	<b>Issue position letters in 85 percent of all cases within 90 days of receipt of the file in the Administrative Hearings Section.</b>
<i>Outcome Measure</i>	1. Percentage of all cases in which position letters are issued within 90 days of receipt of the file in the Administrative Hearings Section
<b>STRATEGY</b>	Provide fair and timely hearings, represent the agency in administrative hearings on tax matters, and provide legal counsel and research to the agency.
<i>Output Measure</i>	1. Number of position letters issued
<i>Efficiency Measure</i>	1. Average length of time (work days) taken to issue a position letter for all cases received by the Administrative Hearings Section
<i>Explanatory/Input Measure</i>	1. Number of new requests for hearings received in Administrative Hearings Section

AGENCY GOAL II (BUDGETED)	EFFICIENTLY MANAGE THE STATE'S FISCAL AFFAIRS
FIRST OBJECTIVE	<p><b>Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; guarantee that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Act; facilitate the flow of financial resources in support of the state's fiscal functions by achieving a good or excellent rating in 98 percent of customers surveyed; and ensure 100 percent compliance with statutory mandates and deadlines.</b></p>
<p><i>Outcome Measures</i></p>	<ol style="list-style-type: none"> <li>1. Percent of targeted state agencies with improved performance</li> <li>2. Percentage of proposed state expenditures guaranteed to be entirely supported by a valid revenue estimate before certification of the General Appropriations Act for the next biennium</li> <li>3. Average percent variance (plus or minus) between estimated and actual total revenue collections</li> <li>4. Percent of all payments issued via direct deposit (excluding Warrant Express System [WES] Child Support payments)</li> <li>5. Percentage of Fiscal Management Division customers who return an overall customer service rating of good or excellent on the Fiscal Management Customer Service Survey</li> </ol>
<p><b>STRATEGY</b></p>	<p>Project, account, audit and report the state's receipts, claims and disbursements efficiently, accurately and timely; provide assistance and training to state agencies.</p>
<p><i>Output Measures</i></p>	<ol style="list-style-type: none"> <li>1. Number of financial reports published by their statutory deadlines</li> <li>2. Number of Texas economic update reports published each fiscal year</li> <li>3. Total number of payments (excluding WES Child Support payments) issued</li> <li>4. Number of post-payment audit reviews completed</li> </ol>
<p><i>Efficiency Measure</i></p>	<ol style="list-style-type: none"> <li>1. Percentage of ad hoc report requests responded to within 10 working days in compliance with the Texas Public Information Act</li> </ol>
<p><i>Explanatory/Input Measures</i></p>	<ol style="list-style-type: none"> <li>1. Percent of payroll and retirement payments issued via direct deposit</li> <li>2. Percent of bill payments issued via direct deposit</li> <li>3. Number of WES Child Support payments issued</li> </ol>
SECOND OBJECTIVE	<p><b>Ensure the effectiveness of the property value study in each scheduled school district by obtaining at least a 95 percent level of targeted Independent School Districts' (ISDs) total value in which Property Tax Assistance Division (PTAD) met the target margin of error.</b></p>
<p><i>Outcome Measure</i></p>	<ol style="list-style-type: none"> <li>1. Percentage of scheduled Independent School Districts' total value in which PTAD met the target margin of error</li> </ol>
<p><b>STRATEGY</b></p>	<p>Fulfill tax code and education code mandates by conducting an annual property value study; providing technical assistance; and reviewing appraisal methods, standards and procedures.</p>
<p><i>Output Measures</i></p>	<ol style="list-style-type: none"> <li>1. Number of properties included in the Property Value Study</li> <li>2. Number of public outreach activities conducted annually</li> </ol>

<i>Efficiency Measures</i>	<ol style="list-style-type: none"> <li>1. Average direct cost per property included in the Property Value Study</li> <li>2. Average cost of staff changes to certified preliminary findings expressed as a percentage of total cost</li> </ol>
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> <li>1. Percentage of Independent School District reports of property value produced electronically from central appraisal district (CAD) appraisal roll data</li> </ol>
<b>THIRD OBJECTIVE</b>	<b>Serve the citizens, taxpayers and local entities of Texas by providing financial information and assistance that will promote understanding of current fiscal issues and problems and facilitate efficient and effective operations and services.</b>
<i>Outcome Measure</i>	<ol style="list-style-type: none"> <li>1. Percent increase in the number of online subscribers to fiscal and tax publications</li> </ol>
<b>STRATEGY</b>	Provide the public and private sectors with reliable information, resources and analysis to ensure the most effective and efficient use of taxpayer dollars.
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of data requests completed</li> <li>2. Number of responses provided to local government requests for assistance and information</li> <li>3. Number of local government presentations and regional workshops provided</li> </ol>
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> <li>1. Number of requests for local government assistance and information received</li> </ol>
<b>FOURTH OBJECTIVE</b>	<b>Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.</b>
<i>Outcome Measure</i>	<ol style="list-style-type: none"> <li>1. Percentage of funds processed electronically</li> </ol>
<b>STRATEGY</b>	Ensure that the state's assets, cash receipts and warrants are properly secured, processed, deposited and accounted for.
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of rapid deposit transactions processed</li> <li>2. Number of checks deposited</li> <li>3. Number of warrants processed</li> <li>4. Number of state depository bank account reconciliations performed</li> </ol>
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> <li>1. Average daily amount of securities and assets safekept (billions)</li> </ol>
<b>FIFTH OBJECTIVE</b>	<b>Manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses, achieving 100 percent utilization of statewide term contracts each fiscal year and providing support services to state agencies in a timely, cost-effective manner.</b>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> <li>1. Percent increase in dollar value of purchases made through term contracts for the CO-OP Program members</li> <li>2. Number of new HUBs certified</li> <li>3. Percent of statewide term contracts utilized through the Texas Smart Buy program</li> <li>4. Presort and barcode savings achieved</li> </ol>

<b>STRATEGY</b>	Provide statewide procurement and support services to state agencies and cooperative entities that ensure the receipt of quality, cost-effective goods and services and maximize competition while facilitating business opportunities for Historically Underutilized Businesses.
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of new and renewed statewide volume contracts awarded</li> <li>2. Number of solicitations reviewed for agencies and delegated to agencies</li> <li>3. Number of contracts awarded for other state agencies</li> <li>4. Number of new and renewed purchasing certifications issued</li> <li>5. Number of HUB field audits conducted</li> <li>6. Number of HUB desk audits conducted</li> <li>7. Number of HUB seminars and outreach efforts conducted</li> <li>8. Number of pieces of mail processed</li> </ol>
<i>Efficiency Measures</i>	<ol style="list-style-type: none"> <li>1. Number of business days to process non-delegated open market requisitions from client agencies (under Texas Government Code Annotated §2155.132) using the Invitation for Bids (IFB) procurement method</li> <li>2. Number of business days to process non-delegated open market requisitions from client agencies (under Texas Government Code Annotated §2155.132) using the Request for Proposals (RFP) procurement method</li> </ol>
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> <li>1. Number of new HUB applications received</li> </ol>
<b>SIXTH OBJECTIVE</b>	<b>Review and establish new state services as a result of Council on Competitive Government (CCG) initiatives and achieve savings and measurable value resulting from the use of CCG services.</b>
<i>Outcome Measure</i>	<ol style="list-style-type: none"> <li>1. State agency annual savings and measurable value resulting from CCG initiatives</li> </ol>
<b>STRATEGY</b>	Identify and review state programs, services and processes that can be more cost-effectively provided through competitive bidding initiatives and other strategies, including the management of a portfolio of established contracts and services.
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of competitively contracted state services under Council on Competitive Government oversight</li> <li>2. Number of state activities proposed for competitive contracting evaluated for cost effectiveness</li> </ol>

<b>AGENCY GOAL III (BUDGETED)</b>	<b>EXPEDITIOUSLY MANAGE THE RECEIPT AND DISBURSEMENT OF STATE TAX REVENUE</b>
<b>FIRST OBJECTIVE</b>	<b>Maintain fiscal 2000 levels for the time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 21 days; and maintain the average tax data entry turnaround time within established limits through FY 2013.</b>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> <li>1. Time required to generate taxpayer refunds (days)</li> <li>2. Time taken to return tax allocations to local jurisdictions (days)</li> <li>3. Average tax data entry turnaround time (hours)</li> </ol>
<b>STRATEGY</b>	Provide for and improve the processing of tax and voucher data, collection and allocation of tax revenue and the disbursements of tax refunds.



<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of tax returns processed</li> <li>2. Number of payments deposited</li> <li>3. Number of permits and licenses issued</li> <li>4. Number of taxpayer account adjustments</li> <li>5. Number of collection actions performed</li> <li>6. Number of tax refunds issued</li> <li>7. Number of staff hours spent allocating local option taxes to government entities</li> </ol>
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> <li>1. Average number of hours to deposit receipts</li> </ol>
<i>Explanatory/Input Measure</i>	<ol style="list-style-type: none"> <li>1. Percent of tax payments received via direct deposit</li> </ol>

<b>AGENCY GOAL IV (NON-BUDGETED)</b>	<b>DEVELOP AND MAINTAIN A SKILLED WORK FORCE, COMMITTED TO QUALITY PERFORMANCE</b>
<b>FIRST OBJECTIVE</b>	<b>Ensure that each year the Comptroller's work force will be able to attend classes that will enable them to become more productive and knowledgeable employees.</b>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> <li>1. Percent of agency management completing 35 hours of management training</li> <li>2. Percent of employees completing 21 hours of job-related training</li> </ol>
<b>STRATEGY</b>	Make high-quality training available and accessible to those who need it, when they need it.
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of agency management completing 35 hours of management training</li> <li>2. Number of employees completing 21 hours of job-related training</li> </ol>

<b>AGENCY GOAL V (NON-BUDGETED)</b>	<b>MAXIMIZE CUSTOMER SATISFACTION BY IMPROVING SERVICES WHILE MINIMIZING ADMINISTRATIVE BURDENS ON THOSE WE SERVE</b>
<b>FIRST OBJECTIVE</b>	<b>Attain highest ratings possible from those we serve as evidenced by feedback provided through surveys, cards or any other measuring device used in the agency.</b>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> <li>1. Percentage of surveyed customer respondents expressing overall satisfaction with services received</li> <li>2. Percentage of surveyed customer respondents identifying ways to improve service delivery</li> </ol>
<b>STRATEGY</b>	Improve services delivered to our internal and external clients in support of the Comptroller of Public Accounts' mission to serve the people of Texas.
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of customers surveyed</li> <li>2. Number of customers served</li> </ol>
<i>Efficiency Measure</i>	<ol style="list-style-type: none"> <li>1. Cost per customer surveyed</li> </ol>
<i>Explanatory/Input Measures</i>	<ol style="list-style-type: none"> <li>1. Number of customers identified</li> <li>2. Number of customer groups inventoried</li> </ol>

AGENCY GOAL VI (NON-BUDGETED)	ESTABLISH AND CARRY OUT POLICIES GOVERNING PURCHASING AND ALL CONTRACTING THAT FOSTER MEANINGFUL AND SUBSTANTIVE INCLUSION OF HISTORICALLY UNDERUTILIZED BUSINESSES (HUBs)
FIRST OBJECTIVE	<b>Include HUBs in at least 23.6 percent of all agency dollars spent for professional services; 24.6 percent of all agency dollars spent for other services; and 21 percent of all dollars spent for commodities.</b>
<i>Outcome Measure</i>	1. Percentage of agency dollars spent on HUBs (with subcontracting)
<b>STRATEGY</b>	Maintain ongoing program of activities to ensure HUB vendor participation in procurement process.
<i>Output Measures</i>	<ol style="list-style-type: none"> <li>1. Number of purchase orders issued directly to HUB vendors</li> <li>2. Number of HUB Economic Opportunity Forums attended or co-hosted</li> <li>3. Number of internal agency HUB training sessions conducted</li> <li>4. Amount of agency dollars spent on HUBs (without subcontracting)</li> <li>5. Number of HUB subcontracting dollars</li> <li>6. Number of non-HUB prime contractors reporting HUB subcontracting</li> <li>7. Number of non-HUB prime contractors contacted for HUB subcontracting</li> <li>8. Number of HUB outreach opportunities conducted</li> </ol>

STATE ENERGY CONSERVATION OFFICE (SECO)	DEVELOP AND ADMINISTER PROGRAMS THAT PROMOTE ENERGY EFFICIENCY
FIRST OBJECTIVE	<b>Maintain \$95 million balance in LoanSTAR Program.</b>
<i>Outcome Measures</i>	<ol style="list-style-type: none"> <li>1. Energy dollars saved as percent of energy expenditures</li> <li>2. Energy dollars saved by LoanSTAR projects (in millions)</li> </ol>
<b>STRATEGY</b>	Promote and manage energy programs.
<i>Output Measure</i>	1. Number of active LoanSTAR loans processed and managed by SECO
<i>Efficiency Measure</i>	1. Energy dollars saved per dollar spent for energy retrofit programs



# Agency Strategic Plan

For the Period 2011-2015

## Technology Resource Planning

### PART 1

#### TECHNOLOGY ASSESSMENT SUMMARY

- Provide a brief description of the planned technology solutions that respond to the key factors that will affect the agency. Consider how those solutions align with the statewide technology goals reflected in the State Strategic Plan for Information Resources (*Advancing Texas Technology*).

The Comptroller's office considered several key factors when planning the agency's technology future. Two of the primary factors with the greatest impact are:

- 1) The increase in the state's population. The agency will need to rely on additional automation to keep pace with the demands of a growing customer base.
- 2) The state's budget deficit. Due to the economic downturn, the agency cannot expect an increase in its budget during the next legislative session. Without additional funds, the agency will need to rely on automation to reduce processing costs and keep pace with customer demands.

With these key factors in mind, the primary technology solutions for the Comptroller's office to meet agency objectives are identified below. Most of these initiatives will not only help the Comptroller's office meet its customer demands, but will also assist other agencies with managing customer needs.

**Technology Modernization Initiative:** Move tax-related systems to new technologies to increase the efficiency and effectiveness of related business processes, including registering, filing and paying returns, provid-

ing refunds, collecting delinquent revenue and auditing taxpayers. Taxes collected by the Comptroller's office are the primary source of revenue for funding programs across the state.

**Statewide Enterprise Resource Planning (ERP):** Implement financial, human resources and payroll solutions for the state of Texas. ERP will create an opportunity for agencies and institutions of higher-education to synchronize the flow of critical information and reduce costs.

**Business Intelligence (BI):** Implement data and reporting solutions to meet the demand for timely, accurate and actionable information. Lay the foundation for a flexible, scalable and efficient data warehouse to serve as a central repository for financial and operational data. Make information available to the public to increase transparency. With information readily available, state agency managers will be able to make timely and informed decisions about staffing resources.

**Treasury Rewrite:** Replace outdated systems supporting Treasury operations with new technology to improve efficiency and minimize security risks by reducing or eliminating time-consuming manual processes, manual reconciliation and duplicate data entry and paper processing.

**Enhance Procurement Systems:** Implement enhanced procurement systems to improve customer (state agencies and local governments) satisfaction by making it easier to process purchase orders through statewide procurement systems and provide lower prices on strategically sourced state contracts.

- Provide agency descriptions related to each statewide technology goal listed below. The criteria for these descriptions appear after each goal and are labeled 1.a, 1.b, 2.a, and so forth.

## Statewide Technology Goal 1

### Strengthen and Expand the Use of Enterprise Services and Infrastructure

- 1.1 Enhance Capabilities of the Shared Infrastructure
  - Data Center Infrastructure
  - Communications Technology Infrastructure
  - Statewide Portal Infrastructure
- 1.2 Leverage Shared Applications
  - Enterprise Resource Planning (ERP)
  - Email Messaging
- 1.3 Leverage the State's Purchasing Power
  - Product and Services Portfolio Expansion

- 1.a Describe agency plans to strengthen and/or expand its capabilities through the initiatives described in Statewide Technology Goal 1.

**Data Center Infrastructure:** The state strategic plan focuses on the Data Center Consolidation (DSC) agencies. The Comptroller's office was not included in the consolidation after a study determined it was more cost effective for the agency to maintain its own data center. The agency upgraded its data center in 2008 and operates a state-of-the-art center that ensures maximum security, disaster recovery, efficiency and performance. Innovation and Technology staff within the agency continues to improve the data center using the latest technologies.

**Communications Technology Infrastructure:** The Comptroller's office just completed the implementation of Voice over Internet Protocol (VoIP) for over 3,000 agency employees, thus providing long-term cost savings for the agency. In addition, the agency implemented a modern call center with improved self-help features for taxpayers. As funding permits, the agency will continue to expand the call center features with enhanced call monitoring and recording capabilities. The Comptroller's office continues to use the Department of Information Resource's TEX-AN network for

long-distance phone services and will consider other communications services as they become available.

**Statewide Portal Infrastructure:** The Comptroller's office already uses several services available through the existing TexasOnline website and will continue to leverage the services provided by the new Texas.gov website. The agency is modifying its payment systems to move all online credit card transaction functionality through the statewide portal. In addition, the TxSmart-Buy system, used for statewide contract orders, was developed through the statewide portal agreement and will have further enhancements developed by the portal vendor in the future.

**Enterprise Resource Planning (ERP):** The Comptroller's office is the primary agency responsible for implementing ERP for the state of Texas. The agency is currently leading the first phase of the new ERP project, which includes the following: 1) new PeopleSoft financials implementation for the Texas Departments of Transportation and Information Resources; and 2) new PeopleSoft HR/Payroll implementation for the Texas Departments of Transportation, Information Resources and the five Health and Human Services agencies. Both areas are to be implemented by no later than August 2011.

In addition to the primary ERP project, the Comptroller's office is working on retiring the Government Financial Accounting System by moving the impacted agencies to either the Uniform Statewide Administrative System, the existing statewide financial reporting system, or the Integrated Statewide Administrative System, the current statewide PeopleSoft application, by Aug. 31, 2010.

**E-mail Messaging:** In the short-term, the Comptroller's office is upgrading and redesigning the architecture of the agency's e-mail solution to provide more availability, reliability and security. The Comptroller's office will consider moving to the Department of Information Resource's enterprise e-mail solution if it proves to be equally reliable and cost effective.

**Product and Services Portfolio Expansion:** The Comptroller's office will continue to use Department of Information Resources (DIR) provided technology contracts when cost effective. Technology procurements purchased by the agency outside of DIR contracts are



communicated to DIR through the exception process prior to the purchase to ensure DIR supports the outside contracts.

- 1.b Describe agency plans to strengthen and/or expand its capabilities through other initiatives that leverage enterprise or multi-agency services and infrastructure, including managed services, shared applications, internal consolidation efforts, and procurement strategies.

**Enhance Capabilities of the Shared Infrastructure:** Now that all agency servers are located in one data center as a result of the technology modernization initiative, the Comptroller's office is working to consolidate all information technology (hardware and applications) to decrease costs and increase flexibility. The agency is also working to modernize the current mainframe applications by moving to a new, consolidated environment that will significantly lower costs to the agency.

**Leverage Shared Applications:** Through the technology modernization initiative, the Comptroller's office is moving customer registration and file and pay functionality to a shared Web solution called "MyCPA." Not only does it reduce coding time when adding a new tax, it also gives customers a single login solution.

The Treasury systems provide services to most state agencies. The Treasury rewrite initiative will improve the security and accountability of these shared systems. The Comptroller's office is also responsible for the Vehicle Fleet Management System for the state of Texas and is encouraging those agencies with an internal fleet system to replace it with the system hosted by the Comptroller's office.

**Leverage the State's Purchasing Power:** The Comptroller's office is responsible for all non-technology procurements for the state of Texas within the Texas Procurement and Support Services (TPASS) area. As part of the initiative to enhance procurement systems, the agency has implemented Texas Smart Buy, which is an online ordering system or "shopping cart." Texas Smart Buy allows agencies and local governments to order any item on the TPASS contracts list online.

In addition, the agency is currently implementing a replacement of the TPASS Impala bid management system with a new strategic sourcing solution by

PeopleSoft. The new system will be implemented by August 31, 2010, making it easier for TPASS purchasers to collect and analyze bids from vendors to ensure Texas obtains the best pricing possible. The initiative to enhance procurement systems will continue as the agency adds additional efficiencies to the new systems, making it easier for contractors to submit bids and validate purchases from their contracts.

## Statewide Technology Goal 2

### Secure and Safeguard Technology Assets and Information

- 2.1 Align the State's Approach to Enterprise Security with other State and National Strategies
  - State Enterprise Security Plan
  - Vulnerability to Cyber Attacks
  - Response and Recovery Capabilities
- 2.2 Integrate Identity Management, Credentialing, and Access Privileges
  - Identity Management Services

- 2.a Provide an update on the agency's progress in implementing strategies to align with the *State Enterprise Security Plan*.

The Comptroller's Information Security area has created and implemented a new set of information protection policies, standards and guidelines, which are designed to protect and defend against today's threats. Many independent legal and regulatory compliance requirements and security best-practices, such as those in the Texas Administrative Code, Texas Government Code, Internal Revenue Service Publication 1075 and Federal Information Security Management Act, have been addressed in this set of policies, standards and guidelines.

The Information Security area provides Security Awareness Training classes once a month and also provides online training for those personnel who are not able to attend in person. Currently, the Information Security area is revising the general training to conform to the new information protection policies, standards and guidelines and is also working on targeted job-specific security training.

The information protection policies include formal certifications and accreditations required for new and significantly changed technology systems, involving detailed risk analyses. These analyses allow the Comptroller's office to identify, remediate, mitigate and track system vulnerabilities and other weaknesses.

The Information Security area actively participates and exchanges information as part of the United States Computer Emergency Readiness Team and Texas Information Sharing and Analysis Center. The Comptroller's office and other Texas state agencies and universities have benefited from this collaborative effort. Cyber security has also been integrated into the Comptroller's implementation of the *Texas Homeland Security Strategic Plan*.

- 2.b Describe the agency's identity management strategies in place or planned.

The Comptroller's office utilizes a mainframe-based Resource Access Control Facility identity management solution. This repository provides secure authentication for all state-based applications. The future strategy for the agency's statewide applications is to leverage the Enterprise Resource Planning (ERP) solution. Since the Comptroller's office will host all state human resources information, it will utilize the ERP solution, which provides an identity management strategy based on existing PeopleSoft security. In addition, the Comptroller's office is developing systems that will utilize this same ERP-based approach for all tax applications. The agency will work with the Department of Information Resources, as needed, to assist in determining identity management requirements for Texas.

### Statewide Technology Goal 3

#### Serve Citizens Anytime, Anywhere

- 3.1 Expand and Enhance Access to Agency Services
- Multi-Channel Access
  - Rural Broadband Expansion
- 3.2 Facilitate Open and Transparent Government
- Best Practices for Information Assets

- 3.a Describe the agency's plans to expand or enhance access to its services and promote citizen engagement through online services and emerging technologies.

**Technology Modernization Initiative:** The Comptroller's office continues to make interactive, or customer-facing, services available. More and more taxes are being added to "MyCPA," making services such as tax filing and paying, registering for new taxes and programs and updating account information readily available to agency customers. In addition, the agency is partnering with tax software vendors to make it easier to file franchise tax returns. The Comptroller's office will provide a common interface using Web 2.0 technologies for submitting data that can be used by any of the products developed by the tax software vendors.

**Enhance Procurement Systems:** The Comptroller's office is using the services provided by the state portal for delivering interactive, customer-facing solutions. Initially, Texas Smart Buy was setup by the portal vendor as an online ordering system. In the future, the portal vendor will enhance Texas Smart Buy to provide state of Texas contractors the ability to review contract purchases and billing information. The Comptroller's office is also working to provide contractors with the ability to submit their procurement bid information electronically.

- 3.b Describe initiatives planned or in process that will facilitate access to agency information and public data.

**Business Intelligence (BI):** The Comptroller's office has led the Texas transparency initiative by implementing *Where the Money Goes*, which includes expenditures for state agencies by category, purchasing code, etc. The Comptroller's office is working to create an "Open Data Center" that will allow customers to download financial information and common open records information into the format of their choice. The agency is also implementing "mashup" technology to allow citizens to easily analyze the data through graphical interfaces, including interactive maps. In addition to the open data center, the Comptroller's office is using BI technology to report federal stimulus information efficiently and effectively.

## Statewide Technology Goal 4

### Pursue Excellence and Foster Innovation across the Enterprise

- 4.1 Link Technology Solutions to Workplace Innovations
  - Workplace Productivity and Collaboration
- 4.2 Pursue Leading-Edge Strategies for Application Deployment
  - Cloud Computing
  - Specifications, Toolkits, and the Application Marketplace
  - Legacy Systems Modernization
- 4.3 Optimize Information Asset Management
  - Best Practices for Managing Digital Information
- 4.4 Promote the Use and Sharing of Information
  - Health Information Exchange
  - Statewide Communications Interoperability
  - Justice Information System Integration
  - Enterprise Geospatial Services

- 4.a Describe agency plans to implement or enhance workplace productivity and to leverage collaboration tools.

The Comptroller's office has implemented several workplace productivity and collaboration tools and will continue to work with the Department of Information Resources and other agencies to identify future opportunities to improve productivity and collaboration. Some examples of the solutions already implemented include:

- Instant messaging to allow for quick, transitory communication.
- Webinar technology to reduce travel time and costs by allowing training and conferences to be held remotely.
- Voice over Internet Protocol and Virtual Private Network technology, which allows any Comptroller employee with a laptop to set up a virtual office in their home.
- SharePoint, which is used to track all Comptroller projects to facilitate collaboration and transparency within the agency.

- 4.b Describe agency strategies to develop and deploy applications more efficiently (i.e., through Cloud Computing, Software as a Service, Application Toolkits, Legacy System Modernization).

The Comptroller's office is always open to developing and deploying applications more efficiently. Although "Cloud Computing" and "Software as a Service" solutions are gaining a lot of popularity, the agency has limited implementation of these types of services due to security and privacy concerns with confidential and sensitive data. The agency is also open to using the services provided by the new Texas.gov vendor, if available applications are more efficient and effective than internal solutions.

Legacy system modernization is critical. The Comptroller's office takes the need to upgrade very seriously. Most of the agency's primary technology initiatives involve the replacement of legacy technology, including the technology modernization initiative, the statewide Enterprise Resource Planning project, the Treasury rewrite and the enhancement of statewide procurement systems.

- 4.c Describe agency strategies to enhance information asset management practices.

The Comptroller's strategy for enhancing information asset management practices depends on where the data is stored:

- For databases: With each new implementation, the Comptroller's office matches the data stored with records retention schedules. For example, with the new Enterprise Resource Planning solution, the Comptroller's office will only store what each agency requires through its approved records retention schedule. All data outside of retention requirements will be purged.
- For e-Mail: The Comptroller's office implemented storage limits on employee e-mail accounts. For e-mails that are not transitory, the agency also set up shared e-mail folders to facilitate compliance with retention requirements.
- For file servers: The Comptroller's office is currently setting up standard folder structures and naming conventions to make data easier to find. In addition, the Records Management team will work with agency staff to educate them on the standards and other records retention best practices.

- 4.d Describe agency practices or plans to enhance the use and sharing of information with agency business partners.

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Through various agency initiatives, including the Business Intelligence project, the Comptroller's office continues to make data available to both business partners and Texas citizens. Through the technology modernization initiative, the agency is creating interfaces with business partners and other agencies, including the Secretary of State, Railroad Commission and the Office of the Attorney General's Child Support Division. The

statewide Enterprise Resource Planning project will also make it easier to share information as more and more agencies are added to the system. The agency is participating in discussions with the Health and Human Services Commission to improve information sharing for medical records. For geospatial data, the Comptroller's office will continue to use data sets provided by other state agencies.

## PART 2 Technology Initiative Alignment

Related Agency Objective(s)	Related State Strategic Plan Strategy/Strategies	Status (Current or Planned)	Anticipated Benefit(s)	Innovation, Best Practice, Benchmarking
<b>Technology Initiative: Technology Modernization</b>				
<b>Objective 01.01:</b> Guarantee that the accuracy rate on tax amounts reported by the taxpayer does not fall below 97 percent on original audits through 2013; permit at least 2,000 non-permitted businesses operating in Texas each fiscal year through 2013; and guarantee that audits are efficiently performed with average dollars assessed to dollar cost of \$25 or higher based on historical performance.	1.2 2.1 3.1 4.2 4.4	Current	Provide state-of-the-art technology that will enable taxpayers to register, file and pay taxes online by moving the agency's tax-related systems to new technologies to increase the efficiency and effectiveness of related business processes as well as improve the agency's ability to process refunds, collect delinquent taxes and audit taxpayers.	
<b>Objective 01.02:</b> Average 269 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.				
<b>Objective 01.03:</b> Obtain a 92 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.				
<b>Objective 03.01:</b> Maintain fiscal 2000 levels for the time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 21 days; and maintain the average tax data entry turnaround time within established limits through FY 2013.				
<b>Technology Initiative: Statewide Enterprise Resource Planning (ERP)</b>				
<b>Objective 02.01:</b> Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; guarantee that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Act; facilitate the flow of financial resources in support of the state's fiscal functions by achieving a good or excellent rating in 98 percent of customers surveyed; and ensure 100 percent compliance with statutory mandates and deadlines.	1.2 2.1 4.4	Current	Provide standardized formats and processes for critical information in support of state agencies and higher education institutions to synchronize the flow of data and reduce redundancies, while eliminating costs.	



## Technology Initiative Alignment (continued)

Related Agency Objective(s)	Related State Strategic Plan Strategy/Strategies	Status (Current or Planned)	Anticipated Benefit(s)	Innovation, Best Practice, Bench-marking
<b>Technology Initiative: Statewide Enterprise Resource Planning (ERP) (concluded)</b>				
<b>Objective 02.03:</b> Serve the citizens, taxpayers and local entities of Texas by providing financial information and assistance that will promote understanding of current fiscal issues and problems and facilitate efficient and effective operations and services.				
<b>Objective 02.04:</b> Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.				
<b>Technology Initiative: Business Intelligence (BI)</b>				
<b>Objective 01.02:</b> Average 269 delinquent account closures per Enforcement Collector; average a 116 day turnaround time for closing delinquent accounts; and obtain 95 percent positive survey responses from attendees at taxpayer seminars.	3.2 4.4	Current	Provide timely, accurate and actionable information to internal and external customers by implementing a flexible, scalable and efficient data warehouse to serve as a central repository of financial and operational data.	
<b>Objective 01.03:</b> Obtain a 92 percent favorable rating from taxpayers concerning the speed and accuracy of information disseminated.				
<b>Objective 02.01:</b> Reduce the average percent variance between estimated and actual total revenue collections by 5 percent or more in each biennium; guarantee that 100 percent of proposed state expenditures are entirely supported by a valid revenue estimate before certification of the General Appropriations Act; facilitate the flow of financial resources in support of the state's fiscal functions by achieving a good or excellent rating in 98 percent of customers surveyed; and ensure 100 percent compliance with statutory mandates and deadlines.				
<b>Objective 02.03:</b> Serve the citizens, taxpayers, and local entities of Texas by providing financial information and assistance that will promote understanding of current fiscal issues and problems and facilitate efficient and effective operations and services.				

## Technology Initiative Alignment (concluded)

Related Agency Objective(s)	Related State Strategic Plan Strategy/ Strategies	Status (Current or Planned)	Anticipated Benefit(s)	Innovation, Best Practice, Bench- marking
Technology Initiative: Business Intelligence (BI) (concluded)				
<b>Objective 02.05:</b> Manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses, achieving 100 percent utilization of statewide term contracts each fiscal year and providing support services to state agencies in a timely, cost-effective manner.				
Technology Initiative: Treasury Modernization				
<b>Objective 02.04:</b> Maximize the efficiency of managing state revenue by processing at least 98 percent of monies electronically.	2.1	Current	Provide greater efficiencies by reducing or eliminating time-consuming manual reconciliation, duplicate data entry and paper processing through the replacement of outdated systems supporting Treasury Operations.	
<b>Objective 03.01:</b> Maintain fiscal 2000 levels for the time required to generate taxpayer refunds; return monthly tax allocations to local jurisdictions in an average of 21 days; and maintain the average tax data entry turnaround time within established limits through FY 2013.	4.2			
Technology Initiative: Procurement Systems Modernization				
<b>Objective 02.05:</b> Manage a statewide procurement system that ensures that the state receives quality, cost-effective goods and services by maximizing competition, facilitating business opportunities for Historically Underutilized Businesses, achieving 100 percent utilization of statewide term contracts each fiscal year and providing support services to state agencies in a timely, cost-effective manner.	1.1 1.2 1.3 3.1 4.2	Current	Provide greater efficiencies, reduce costs and improve customer satisfaction by making it easier to use statewide procurement systems and process purchase order; provide lower pricing through strategically sourced contracts.	



# Agency Strategic Plan

For the Period 2011-2015

## APPENDIX A

### Agency Planning Process

#### AGENCY STRATEGIC PLAN

HB 2009, passed in the 72nd legislative session, required all state agencies to submit strategic plans to the Governor's Office and the Legislative Budget Board (LBB) by March 1, 1992. Phase I of the strategic plan included the development of an agency mission statement, philosophy, external and internal assessment and agency goals. Phase II, comprised of the agency's objectives, strategies, measures and appropriations request, was due by Oct. 1, 1992.

During the summer of 1991, each division submitted a business plan in conjunction with its annual budget request for fiscal 1992. While not directly linked to funding, the first business plans identified each division's mission and objectives and described what each division planned to accomplish over the following year. While divisions made a very good attempt, there was little uniformity or consistency at developing and outlining the plans across the agency. As with any first attempt, agency personnel gained valuable experience. This initial planning process provided a benchmark for future planning efforts and set the direction for general overall agency planning.

The development of the Comptroller's strategic plan required the involvement, cooperation and interaction of executive management, division managers, budget personnel and frontline employees. A Strategic Plan Task Force, consisting of employees throughout the agency, led the effort in developing the plan. Division business plans were used extensively in developing the agency mission, philosophy and goals. With the strategic planning effort, the agency's focus shifted to the longer term, emphasizing results and accountability.

Various elements were reviewed during the development of the plan including: strategic issues, trends analysis, performance measurement and external factors. Task force members met with several outside groups, including Xerox, IBM and EDS, to examine how other entities approach strategic planning and benchmarking. The group also met with the Assistant Director for Program Evaluation at the LBB to discuss the performance and workload aspects of the statewide strategic planning effort.

Once the group completed the mission statement, philosophy, external/internal assessment and goals for the agency, the document was distributed to customer groups for feedback and suggestions for improvement. Customer groups reviewing the plan included the Texas Association of Taxpayers, the Texas Association of Appraisal Districts, the Texas Municipal League, and Texas Commerce Bank. Responses were very positive.

In developing the objectives, strategies and related performance measures for the second phase of the plan, the task force determined that updated division business plans should form the basis of this effort. An outside consultant provided a two-day training session on the terminology and concepts involved in the development of outcome-based objectives, strategies and measures. Approximately 40 division managers and key personnel attended the training. Over 150 personnel attended training via a videotape of the training session.

Agency personnel primarily viewed performance measurement as a way to track output. With an emphasis on the development of a planning and budgeting system based

on performance, a shift in traditional focus and thinking was necessary. As divisions updated business plans for fiscal 1993, personnel struggled to incorporate the new concepts and develop outcome-based performance measures designed to show results. As a result of the training, divisions prepared more consistent and uniformly written business plans. From division business plans, the task force developed agency objectives, strategies and measures.

Over the ensuing years, the Comptroller's office has continued to work toward a comprehensive approach to planning, focusing on its missions, goals and objectives and establishing meaningful performance measures to report its progress toward those goals and objectives. When appropriate, refinements made to the statewide planning and budgeting system have been incorporated into the agency planning and budgeting system on a division-by-division basis.

## **INFORMATION RESOURCES (IR) STRATEGIC PLAN**

Even before the statewide implementation of the Strategic Planning and Performance Based Budgeting system, the 71st Legislature enacted HB 2736, the Information Resources Management Act (IRMA) of 1989, which established a strategic, coordinated and cost-effective approach to the acquisition and use of information resource technologies in Texas state government. IRMA directed state agencies to plan and account for all IR expenditures and to submit *IR Strategic Plans*.

The requirement for a separate *IR Strategic Plan* has since been eliminated. The "Technology Assessment Summary" and the "Technology Initiative Alignment," included as part of the *Agency Strategic Plan*, aligns technology initiatives to the agency's business needs and priorities and the strategies of *Advancing Texas Technology*, the state's strategic plan. Strategically aligning agency technology initiatives with statewide technology objectives drives economies of scale, increases interoperability among the state's information systems and promotes interagency collaboration.

SB 381, passed by the 73rd Legislature in 1993, amended HB 2736 to incorporate procedures for the appointment of an Information Resources Manager (IRM). At the Comptroller's office, the Director of Innovation and Technology serves as the agency's Chief Technology Officer (CTO) and oversees the planning, budgeting and monitoring of technology expenditures and projects. The CTO, in carrying out these duties, ensures that business needs provide the driving

force behind technology. Under the stewardship of the CTO and the guidance of the "Technology Initiative Alignment," the Comptroller's office uses technological innovation to provide the citizens of Texas with the highest value for their tax dollars.

## **LEGISLATIVE APPROPRIATIONS REQUEST**

The Budget and Internal Accounting division uses the *Agency Strategic Plan* and division business plans to develop the *Legislative Appropriations Request* (LAR). Funding by agency strategy allows the agency to express the priorities of the strategic plan in financial terms. Strategies, which are ways to accomplish key objectives, become the basic building blocks for the budgeting and expenditure of state funds.

It must be noted that the objectives, strategies and measures funded in the LAR relate specifically to the primary functions or areas of the agency (i.e., Audit, Enforcement, Revenue Processing, etc.). Administrative divisions such as Human Resources and Budget and Internal Accounting provide support for all primary functions or areas. The costs of administrative divisions are allocated to each agency strategy.

## **INTERNAL AUDIT**

The Budget and Internal Accounting division has worked with the Internal Audit division to develop ties between the audit process, divisions' business plans and performance measurement. Internal Audit has incorporated use of the division business plans and performance measures in the process of evaluating the agency's efficiency, effectiveness and accuracy of operations. Performance measures are audited using the methodology developed by the State Auditor's Office.

In addition, Internal Audit utilizes the Information Security division's enterprise risk management (ERM) process to ensure that its annual audit plan focuses audit resources on the overall goals and objectives of the agency. The Enterprise Risk Management process identifies, assesses, controls and monitors operational and security risk in relation to the agency's strategic goals and objectives, including the assessment of risks and controls required to protect assets and the agency. Information Security assists division management in identifying and prioritizing risks by conducting an annual web-based survey that captures information relating to a division's:

- internal control environment
- key process risk analysis



- 
- business continuity planning
  - business impact analysis

The information is gathered from all levels of the agency and kept in a repository for use by Information Security, Internal Audit and the Business Process Management division.

The cooperative effort between Budget and Internal Accounting and Internal Audit helps provide the agency with a reasonable assurance that controls exist to prevent or minimize disruptions to an area's key activities in the ongoing effort to improve agency performance and accountability.

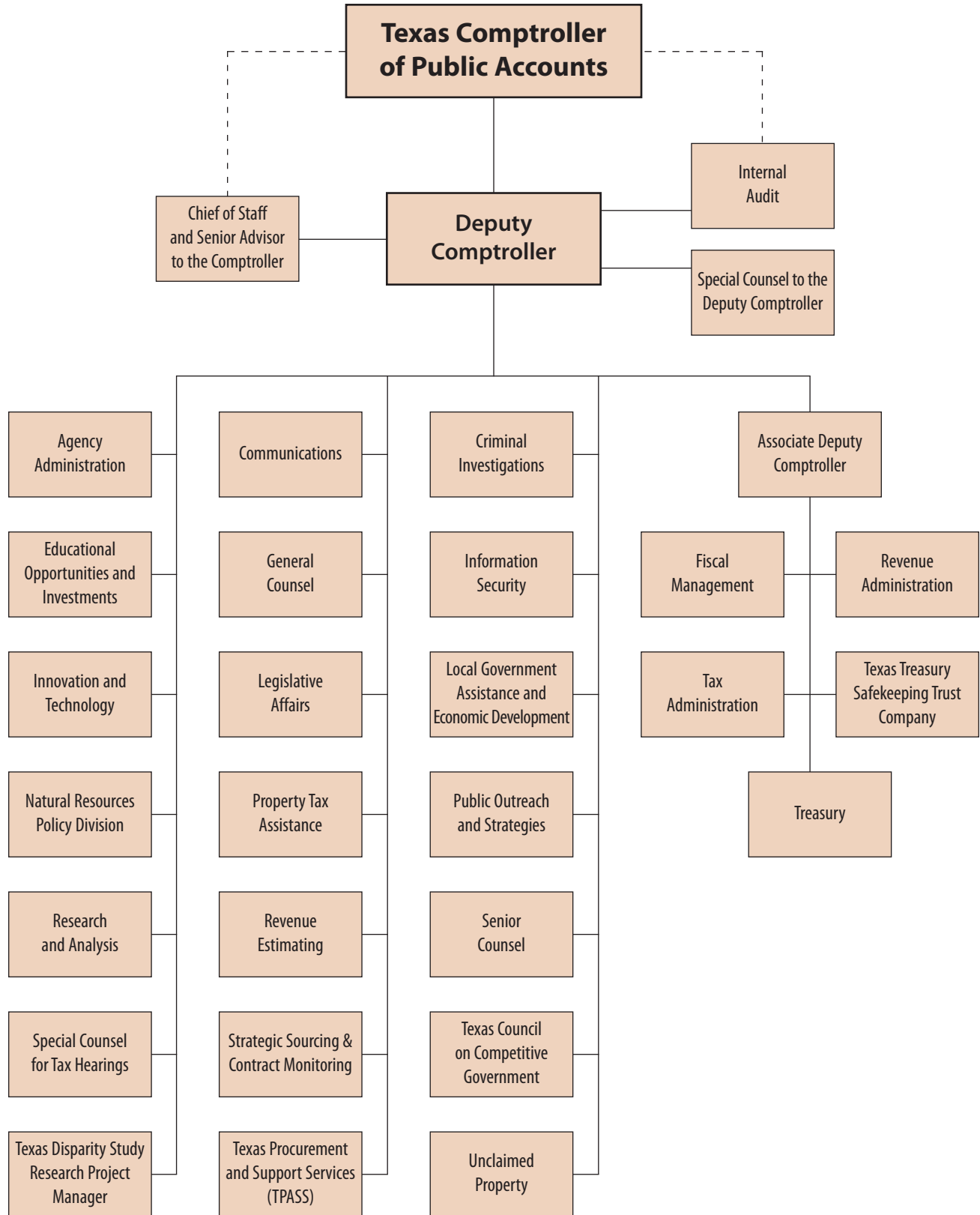
## THE FUTURE

Although the process continues to evolve, significant change and improvement has occurred since the first strategic plan was developed in 1992. The planning process continues to expand and improve with a renewed emphasis on the importance of management involvement in, and responsibility for, ensuring the integrity of reported data and the use of planning and performance measures as tools in obtaining results. Executive management has made it clear this responsibility rests directly with division directors and managers and cannot be delegated. Through executive leadership and the involvement of all divisions and, ultimately, the frontline employees, the agency is positioned to readily adapt to change and to focus on providing high-quality service to all customers, both external and internal, in the future.



## APPENDIX B

# Agency Organizational Chart





## APPENDIX C

# Projections of Outcomes for 2011–2015

Outcome	2011	2012	2013	2014	2015
Percent accuracy rate of reported amounts on original audits	97%	97%	97%	97%	97%
Number of non-permitted businesses permitted	2,300	2,300	2,000	2,000	2,000
Average turnaround time for closing delinquent and other accounts (days)	116	116	116	116	116
Average monthly delinquent and other account closure rate per Enforcement Collector	305	269	269	269	269
Percent of positive surveys received from attendees at taxpayer seminars	95%	95%	95%	95%	95%
Percent of favorable responses obtained to quality control surveys sent to taxpayers concerning speed and accuracy of information disseminated	96%	92%	92%	92%	92%
Percentage of all cases in which position letters are issued within 90 days of receipt of the file in the Administrative Hearings Section	85%	85%	85%	85%	85%
Percent of targeted state agencies with improved performance	80%	80%	80%	80%	80%
Percentage of proposed state expenditures guaranteed to be entirely supported by a valid revenue estimate before certification of the General Appropriations Act for the next biennium	100%	100%	100%	100%	100%
Percentage of Fiscal Management Division customers who return an overall customer service rating of good or excellent on the Fiscal Management Customer Service Survey	98%	98%	98%	98%	98%
Average percent variance (plus or minus) between estimated and actual total revenue collections	+/- 3.71%	Na	+/- 2.67%	Na	+/- 2.54%
Percent of all payments issued via direct deposit (excluding Warrant Express System [WES] Child Support payments)	74%	75%	76%	76%	76%
Percentage of scheduled Independent School Districts' total value in which Property Tax Assistance Division (PTAD) met the target margin of error	95%	95%	95%	95%	95%
Percent increase in the number of online subscribers to fiscal and tax publications	15%	15%	15%	15%	15%
Percentage of funds processed electronically	98%	98%	98%	99%	99%
Percent increase in dollar value of purchases made through term contracts for the CO-OP Program members	5%	5%	5%	5%	5%
Number of new HUBs certified	1,200	1,200	1,200	1,200	1,200



### Projections of Outcomes for 2011–2015 (concluded)

Outcome	2011	2012	2013	2014	2015
Percent of statewide term contracts utilized through the Texas Smart Buy program	100%	100%	100%	100%	100%
Presort and barcode savings achieved	\$322,037	\$322,037	\$322,037	\$322,037	\$322,037
State agency annual savings and measurable value resulting from CCG initiatives (in millions)	\$18.7	\$19.7	\$20.7	\$21.7	\$22.8
Time required to generate taxpayer refunds (days)	12.0	10.0	10.0	10.0	10.0
Time taken to return tax allocations to local jurisdictions (days)	21.0	21.0	21.0	21.0	21.0
Average tax data entry turnaround time (hours)	5.0	5.0	5.0	3.5	3.5
<b>State Energy Conservation Office</b>					
Energy dollars saved as a percent of energy expenditures	23.0%	23.0%	23.0%	21.0%	21.0%
Energy dollars saved by LoanSTAR projects (in millions)	\$20.0	\$18.0	\$20.0	\$20.0	\$20.0

## APPENDIX D

# Performance Measure Definitions

STRATEGY: ONGOING AUDIT ACTIVITIES	
<b>Measure:</b>	<b>Percent Accuracy Rate of Reported Amounts on Original Audits</b>
<i>Short Definition:</i>	Percent accuracy rate is a comparison of the tax amounts reported from audited taxpayers to the tax amounts due as a percentage after verification through an audit.
<i>Purpose/Importance:</i>	Since we do thousands of audits a year, this measure helps provide some idea of the level of reporting accuracy of the taxpayer population. A decrease of even 1 percent could cost the state millions of dollars of timely reported tax revenue and may indicate trends in voluntary compliance.
<i>Source/Collection:</i>	Reported amounts are collected in each tax system, and audited tax information is from original audits and verifications on the Work Manager system.
<i>Method of Calculation:</i>	The measure is calculated by dividing the amounts reported from the audited taxpayers by the sum of the audited tax change and the amounts reported.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Number of Non-Permitted Businesses Permitted</b>
<i>Short Definition:</i>	A count of operating non-permitted businesses, which are identified and brought into compliance through permitting.
<i>Purpose/Importance:</i>	Helps to improve voluntary compliance, improves fair application of the tax laws to all business operators and preserves substantial sums of tax revenue for the state on the front end.
<i>Source/Collection:</i>	Data is obtained from the Work Manager system; the name of the report is BARTTPS.sql.
<i>Method of Calculation:</i>	The report BARTTPS.sql automatically sums the original Business Activity Research Team (BART) assignments where the TAX_SETU_CD = "Y" and the TAX_SETU_Dt is within the report period.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Number of Audits and Verifications Conducted</b>
<i>Short Definition:</i>	Any original verification of compliance or performance with laws and rules as conducted or provided by Audit Division staff.

<i>Purpose/Importance:</i>	To improve voluntary compliance with, and fair application of Texas' tax laws.
<i>Source/Collection:</i>	Data is gathered from three sources: an automated report entitled AWMVERS is obtained from the Work Manager system; manual data is obtained from the Business Activity Research Team and the Project Manager of Unclaimed Property.
<i>Method of Calculation:</i>	The sum of audit and verifications data from the Work Manager system, Business Activity Research Team examinations and Unclaimed Property assignments conducted by contract examiners.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Non-Permitted Taxpayers Contacted Through Correspondence</b>	
<i>Short Definition:</i>	The number of non-permitted potential taxpayers who are identified and contacted through letters by the staff of the Business Activity Research Team (BART).
<i>Purpose/Importance:</i>	To improve voluntary compliance with, and fair application of Texas' tax laws.
<i>Source/Collection:</i>	Data is collected from an automated report entitled BART_CONTACTS.sql maintained on the Work Manager system.
<i>Method of Calculation:</i>	The measure is automatically calculated monthly by summing the number of original non-IRS BART assignments with first letter dates within the report period and the number of unique original IRS BART assignments with a generation date within the report period.
<i>Data Limitations:</i>	Due to IRS restrictions, some BART assignments are not entered into the Work Manager system until after the first letter date, so assignment generation is used instead. This results in a slight delay in the availability of data for this measure.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Hours Spent on Completed Refund Verifications</b>	
<i>Short Definition:</i>	Total hours spent on completed original refund verifications as input to the Work Manager system.
<i>Purpose/Importance:</i>	Hours represent time spent safeguarding the State from inaccurate or fraudulent refund of tax monies through taxpayer generated refund requests.
<i>Source/Collection:</i>	Data is obtained from a report entitled AWMREFS maintained on the Work Manager system.
<i>Method of Calculation:</i>	Mainframe program summarizes total hours on completed original refund assignments (WT03's).
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data relies on the integrity of a manual entry system. The risk of erroneous time accounting data is mitigated by regular management review of staff entries.
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Average Dollars Assessed to Dollar Cost</b>	
<i>Short Definition:</i>	Auditor generated tax adjustments per dollar spent to generate them.
<i>Purpose/Importance:</i>	Efficiency measure representing the State's return in terms of auditor generated total tax adjustments as a ratio to the costs associated with generating those adjustments.
<i>Source/Collection:</i>	Dollars assessed data comes from the Work Manager system, the Business Activity Research Team and the Unclaimed Property Project Manager for dollars generated in their respective areas. Cost data is extracted from expenditure reports maintained on the agency's internal accounting system. This data is provided by Budget and Internal Accounting.
<i>Method of Calculation:</i>	Audits and verifications are obtained from the Work Manager system. The absolute value of both is totaled. Business Activity Research Team examination dollar figures and Unclaimed Property assignment dollar figures are also totaled. All totals are summed. Cost data associated with field audit offices and the Business Activity Research Team are summed. The sum of dollars assessed is divided by the sum of dollar-cost to arrive at this measure.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Percent of Audit Coverage</b>	
<i>Short Definition:</i>	Annualized audit and verification completions as a percent of taxpayers eligible for audit.
<i>Purpose/Importance:</i>	The audit process establishes our regulatory presence with the taxpayer population thereby enhancing voluntary compliance by providing an incentive for accurate and timely reporting and payment of taxes collected.
<i>Source/Collection:</i>	Assignment summaries for audits and verifications from the Work Manager system are totaled. Examination summaries from the Business Activity Research Team are totaled. Assignment summaries from the Unclaimed Property Project Manager are totaled. These totals are summed. The automated inquiry MTIACT (or its equivalent) provides taxpayer counts.
<i>Method of Calculation:</i>	The sum of assignments for the Business Activity Research Team, Unclaimed Property and in the Work Manager system, are divided by the population of active and inactive taxpayers eligible for an audit during the time period in question. The inquiry MTIACT provides the taxpayer count.
<i>Data Limitations:</i>	Data for this measure relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: TAX LAWS COMPLIANCE

Measure: Average Turnaround Time for Closing Delinquent and Other Accounts (Days)	
<i>Short Definition:</i>	The average number of days it takes to close accounts (cases), beginning with when they are created on the agency's work manager (a mainframe inventory system) and ending on their closure date during the reporting period. The time an account is assigned to a private collection agency is not included in this measure.
<i>Purpose/Importance:</i>	This measure provides an indication of the efficiency of the entire collection program, including initial taxpayer notification, taxpayer contact, collection activity and final resolution.
<i>Source/Collection:</i>	The case closure (resolution) date for all accounts closed which were available for Comptroller collection activity during the reporting period, the date those cases were activated, and the number of cases closed during the reporting period are obtained from the agency's work manager.
<i>Method of Calculation:</i>	Using the agency's work manager as the source of data, the average turnaround time is calculated by adding the number of days from case activation date to the case closure date for all cases closed which were available for Comptroller activity during the reporting period, and dividing the result by the total number of cases closed which were available for Comptroller activity during the reporting period. The number of days accounts are assigned to a private collection agency because they do not qualify for certification to the Attorney General is excluded from this calculation. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Average Monthly Delinquent and Other Account Closure Rate Per Enforcement Collector	
<i>Short Definition:</i>	The average number of accounts (cases) closed per Enforcement collector (phone/field collector) per month.
<i>Purpose/Importance:</i>	This measure gives an indication of the productivity of the division's collection staff as it relates to closing accounts.
<i>Source/Collection:</i>	The number of cases closed by Enforcement collectors during the reporting period is obtained from the agency's work manager. Total enforcement minutes for field collectors are obtained from the agency time accounting system. Total enforcement minutes for phone collectors are obtained from the agency phone system and agency time accounting system.
<i>Method of Calculation:</i>	This measure is calculated by dividing the number of cases closed by Enforcement collectors during the reporting period by the number of available collectors during the reporting period. The number of available collectors is calculated by adding total field collector enforcement minutes and total phone collector enforcement minutes for the reporting period, dividing the sum by the available work minutes (440 minutes) during a day and dividing the result by the number of working days in the reporting period. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.



<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data obtained from the agency time accounting system relies on the integrity of a manual entry system. The risk of erroneous agency time accounting data is mitigated by regular management review of staff entries.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Percent of Positive Surveys Received from Attendees at Taxpayer Seminars</b>	
<i>Short Definition:</i>	The number of positive surveys received at the end of taxpayer seminars, expressed as a percentage of all surveys received. Positive surveys are defined as a “yes” response to the question about the overall quality of the seminar.
<i>Purpose/Importance:</i>	This measure evaluates the perceived benefit of a critical customer outreach program. Data obtained from the surveys will also be used to assist with improving the overall customer service program of the division.
<i>Source/Collection:</i>	Survey results data are obtained from the division’s Taxpayer Seminar database after Headquarters staff enters response data.
<i>Method of Calculation:</i>	Using the Taxpayer Seminar database as the source of data, the number of positive surveys is divided by the total number of survey respondents to determine the percent of positive surveys. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of reported response data relies on the integrity of a manual entry system.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Field Office Service Area Evaluations Conducted</b>	
<i>Short Definition:</i>	The number of semi-annual evaluations of field office workload conducted by Enforcement Headquarters.
<i>Purpose/Importance:</i>	This measure accounts for a significant investment in staff resources used to determine workload efficiencies/inefficiencies and to prepare scenarios for affecting positive change in field resource allocation and office alignment within geographic areas.
<i>Source/Collection:</i>	Documentation of field office service area evaluations is maintained in Headquarters’ files for a minimum of four years.
<i>Method of Calculation:</i>	A manual count is taken of the total number of field service area evaluations conducted by Headquarters during the reporting period.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Average Taxpayer Contacts by a Call Center Collector Per Phone Hour</b>	
<i>Short Definition:</i>	The average number of inbound and outbound telephone contacts per hour handled by call center collectors. Inbound calls primarily consist of delinquent taxpayers responding to collection notices and returning collection calls. Outbound calls are the result of call campaigns designed to initiate contact with taxpayers who have delinquent accounts with the agency.
<i>Purpose/Importance:</i>	This measure gives an indication of the productivity of the division's phone collection staff as it relates to making contact with delinquent taxpayers.
<i>Source/Collection:</i>	The total number of inbound and outbound calls handled, and the total sign-in time for all phone collectors, are obtained from the agency phone system.
<i>Method of Calculation:</i>	This measure is calculated by adding all inbound and outbound calls handled by call center collectors during the reporting period and dividing by the total sign-in time (minutes converted to hours) for all call center collectors during the period. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Taxpayer Seminars Conducted</b>	
<i>Short Definition:</i>	The number of taxpayer seminars conducted during the reporting period. These seminars provide taxpayers with information regarding filing requirements, tax laws and rules and agency services.
<i>Purpose/Importance:</i>	This measure accounts for a significant investment of staff resources in a critical customer outreach program.
<i>Source/Collection:</i>	The number of taxpayer seminars conducted during the reporting period is entered on the division's Taxpayer Seminar database by Headquarters staff.
<i>Method of Calculation:</i>	Using the Taxpayer Seminar database as the source of data, this measure is the sum of taxpayer seminars conducted during the reporting period.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of seminar data relies on the integrity of a manual entry system.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>Measure: Delinquent Taxes Collected Per Collection-Related Dollar Expended</b>	
<i>Short Definition:</i>	The amount of delinquent tax dollars collected for every dollar expended by the division that has been allocated to collection activities.
<i>Purpose/Importance:</i>	This measure gives an indication of the rate of return for expenditures related to collection activities.
<i>Source/Collection:</i>	Data for this measure is obtained from the agency work manager (delinquent dollars collected), the Integrated Statewide Accounting System (ISAS-expenditure data), the agency phone system and agency time accounting system.
<i>Method of Calculation:</i>	Using the agency work manager, ISAS, the agency phone system and agency time accounting system as the sources of data, total delinquent dollars collected is divided by the sum of Enforcement division expenses attributed to collection activities in the field, total expenses attributed to the phone center and any fees paid to contracted private collection vendors. Enforcement division expenses attributed to collection activities in the field are calculated by office based on the ratio of enforcement hours to total hours for the reporting period. Headquarters' total expenses are allocated between the field and the phone center based on the ratio of field to phone center FTEs for the reporting period. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data for field collector enforcement hours relies on the integrity of a manual entry system, where field collectors enter their time allocation to an agency time accounting system. The risk of erroneous agency time accounting system data is mitigated by regular management review of staff entries. Further, the division is reliant on the accuracy and availability of expenditure data from ISAS.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Minimum Percent of Field Collector Time in the Field</b>	
<i>Short Definition:</i>	The percent of a field collector's time that is spent conducting compliance activities in the field.
<i>Purpose/Importance:</i>	This measure is an indication of the percentage of time that is available to field collection staff for conducting compliance activities after accounting for required administrative, travel and in-office responsibilities. Time requirements are driven by staffing and workload.
<i>Source/Collection:</i>	Field collectors enter their daily time allocation on the time accounting system based on functions performed during the day.
<i>Method of Calculation:</i>	Using the agency time accounting system as the source of data, enforcement field hours (enforcement field and enforcement field travel) are divided by total enforcement hours (including enforcement field, enforcement field travel and enforcement office hours), to determine the percent of field collector time actually spent out of the office on compliance activities. When calculating the second, third and fourth quarter, the year-to-date total is recalculated based on monthly data maintained in a summary file.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk. Additionally, the accuracy of the data for field collector work hours relies on the integrity of a manual entry system, where field collectors enter their time allocation to an agency time accounting system. The risk of erroneous agency time accounting system data is mitigated by regular management review of staff entries.

<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Total Delinquent Dollars Collected (In Millions)</b>	
<i>Short Definition:</i>	The total delinquent dollars collected from all facets of the collection program, including the field, the phone center and any private collection vendors.
<i>Purpose/Importance:</i>	This is an explanatory measure that gives an indication of the final results of the collection program.
<i>Source/Collection:</i>	Delinquent dollars collected are obtained from the agency work manager.
<i>Method of Calculation:</i>	Using the agency work manager as the source of data, delinquent dollars collected are summed for the reporting period.
<i>Data Limitations:</i>	Data for this measure is well defined, although it relies on the integrity of automated systems, where occasional loss of data is a risk.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: TAXPAYER INFORMATION

<b>Measure: Percent of Favorable Responses Obtained to Quality Control Surveys Sent To Taxpayers Concerning Speed and Accuracy of Information Disseminated</b>	
<i>Short Definition:</i>	On each hard copy response, we include a hard copy customer survey. In each email response, we include wording inviting customers to complete our online customer service survey. The survey asks the taxpayer to agree or disagree with five short statements about their satisfaction with our service and provides room for comment. The responses are compiled and analyzed to determine the percentage of favorable responses.
<i>Purpose/Importance:</i>	This measure allows the division to determine the taxpayers' level of customer service satisfaction when they contact our office with tax policy questions and issues.
<i>Source/Collection:</i>	Information gathered from the questionnaires is maintained on our local area network (LAN).
<i>Method of Calculation:</i>	The percent equals the number of favorable responses divided by the total number of responses returned. Responses are defined as "agree," "disagree" and "not applicable." A favorable response occurs when the taxpayer selects "agree" in response to the statements in the survey.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>Measure: Number of Calls Handled by Tax Assistance Specialists</b>	
<i>Short Definition:</i>	Number of calls handled captures the number of telephone inquiries regarding tax assistance that are handled by our Tax Assistance specialists. A call is considered handled when the caller is connected with a tax specialist.
<i>Purpose/Importance:</i>	This captures the total number of telephone inquiries handled by Tax Assistance specialists.
<i>Source/Collection:</i>	Information is captured electronically by the Cisco phone system.
<i>Method of Calculation:</i>	Calls handled are determined by subtracting the number of abandoned calls from the number of calls offered. A call is considered offered when it is accepted into the Cisco telephone system automated call distributor.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Total Number of Responses Issued by the Tax Policy and Tax Policy Support Areas</b>	
<i>Short Definition:</i>	This measure is the number of responses issued by the Tax Policy and Tax Policy Support areas of the Tax Policy Division. The responses are issued in order to answer correspondence assigned to the Tax Policy Division. The responses may be in the form of a letter, email, fax or telephone call.
<i>Purpose/Importance:</i>	This is a workload measure that tells us the total number of responses issued to taxpayers by the Tax Policy and Tax Policy Support areas.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager (AWM) System from a report entitled D35-02, Statistics of Completed Correspondence.
<i>Method of Calculation:</i>	The total number of responses is automatically calculated from a Statistics of Completed Correspondence report from the Agency Work Manager System.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Average Time Taken (In Work Days) to Respond to Correspondence Assigned to the Tax Policy and Tax Policy Support Areas</b>	
<i>Short Definition:</i>	This measure reflects the average time taken to issue a response to correspondence assigned to the Tax Policy and Tax Policy Support areas.
<i>Purpose/Importance:</i>	The information is important to the division in that we can determine from the total if we are responding to taxpayers in the required timely manner.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager (AWM) System from a report entitled D35-02, Statistics of Completed Correspondence.
<i>Method of Calculation:</i>	The average time taken (in work days) to respond to correspondence assigned to the Tax Policy and Tax Policy Support areas is automatically calculated from a Statistics of Completed Correspondence report from the Agency Work Manager system.



<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Average Number of Calls Handled Per Tax Assistance Telephone Specialist Per Work Day</b>	
<i>Short Definition:</i>	This measure is the average number of incoming calls handled on a daily basis by telephone specialists in Tax Assistance.
<i>Purpose/Importance:</i>	To provide accurate and timely tax information to taxpayers, tax professionals, state officials and the citizens of Texas and to promote voluntary compliance.
<i>Source/Collection:</i>	Information is obtained electronically from a Cisco Webview report.
<i>Method of Calculation:</i>	The measure is calculated by dividing the average number of calls handled per work day by the average number of tax specialists available per day. The average number of calls handled per day is determined by dividing the total number of calls handled each month by the number of work days in that month. The average number of tax specialists available per day is automatically calculated by a Cisco Webview report.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Percent of Responses Issued by the Tax Policy and Tax Policy Support Areas Within 7 Working Days</b>	
<i>Short Definition:</i>	This measure reflects the percentage of responses issued by the Tax Policy and Tax Policy Support areas within 7 working days.
<i>Purpose/Importance:</i>	This measure reflects the percentage of correspondence assigned to the Tax Policy and Tax Policy Support areas to which a response was issued within 7 working days. It is our primary method of monitoring turnaround time.
<i>Source/Collection:</i>	The information is received from the Agency Work Manager System Report ID-3503, Processing Time Percentages in Working Days.
<i>Method of Calculation:</i>	The percent of responses issued by the Tax Policy and Tax Policy Support areas within 7 working days is automatically calculated by running processing time percentages on the Agency Work Manager system.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>Measure: Average Overall Monitoring Score for Tax Assistance Telephone Specialists</b>	
<i>Short Definition:</i>	Telephone specialists in Tax Assistance are regularly monitored by their supervisors on how they handle phone calls based on predetermined criteria.
<i>Purpose/Importance:</i>	This measure assists in determining the quality and accuracy of the information being disseminated by the Tax Assistance telephone specialist.
<i>Source/Collection:</i>	The supervisors in Tax Assistance gather information on Tax Assistance telephone specialists. These statistics are calculated and maintained on a management summary file.
<i>Method of Calculation:</i>	The average is computed by adding together the weekly monitoring scores and dividing this number by the total number of weekly monitoring sessions for the month. The monitoring scores are computed by the supervisors in Tax Assistance and are determined by supervisors monitoring incoming phone calls and grading how these phone calls are handled based on predetermined criteria.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Taxpayers Participating in Independent Audit Reviews</b>	
<i>Short Definition:</i>	The count of taxpayers who request and attend a meeting with an Independent Audit Reviewer.
<i>Purpose/Importance:</i>	Participation in an Independent Audit Review can reduce or eliminate the burdens and costs associated with participating in the hearings process for both the taxpayer and the State.
<i>Source/Collection:</i>	Reported monthly via e-mail from the Independent Audit Reviewers and summarized on the general performance summary spreadsheet for that month and fiscal year.
<i>Method of Calculation:</i>	As reported monthly by the Independent Audit Reviewers, a count of the total number of taxpayers who request and attend (either in person or through a representative) a meeting with an Independent Audit Reviewer (IAR) concerning contested issues in their audit. The count of taxpayers participating would be taken from the "Independent Audit Review Report Form" issued by the IAR. If more than one taxpayer is represented at a conference, the count would reflect the actual number of taxpayers represented, even though only one conference and report form was generated. This is a manual count gathered on a monthly basis from the various IARs.
<i>Data Limitations:</i>	Often driven by complex, external factors such as taxpayer requests, consultant's activities, tax law issues and rulings.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: TAX HEARINGS

Measure: Percentage of All Cases in which Position Letters are Issued Within 90 Days of Receipt of the File in the Administrative Hearings Section	
<i>Short Definition:</i>	A position letter analyzes and responds to the statement of grounds filed by the taxpayer when a hearing is requested. The position letter is considered issued when it is mailed.
<i>Purpose/Importance:</i>	This measure indicates the percentage of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within the 90 working-day/135 calendar-day window, and it is important because it reflects how promptly taxpayer's objections are handled.
<i>Source/Collection:</i>	Count the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within a reporting period and compare that number to the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within the 90 working-day/135 calendar-day window, and the percentage is reflected. Data is maintained within the Agency Work Manager (AWM). To obtain the percentage, the position letters' issue date must be within the parameters of the reporting period.
<i>Method of Calculation:</i>	Using the AWM as the source of data, the number of position letters that the Assistant General Counsels in the Administrative Hearings Section issue within 90 working days or less of the Administrative Hearings Section's receipt of the case is calculated, and this number is divided by the total number of position letters issued to arrive at the percentage. Ninety working days will be defined as 135 calendar days, excluding hold periods, which is a period of time during which action on a case is abated because of policy review, court action, bankruptcy and other considerations.
<i>Data Limitations:</i>	The AWM has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Number of Position Letters Issued	
<i>Short Definition:</i>	A position letter (PL) analyzes and responds to the statement of grounds filed by a taxpayer when a hearing is requested. The PL is issued when it is mailed.
<i>Purpose/Importance:</i>	This measure provides the total number of PLs issued each fiscal year by the Administrative Hearings Section, and it is important because it reflects the overall performance when compared with the number of hearings that taxpayers request.
<i>Source/Collection:</i>	The total number of PLs issued is obtained through reports generated from the Agency Work Manager (AWM). The issue date of the PL, which is recorded in the AWM, must be within the parameters of the reporting period.
<i>Method of Calculation:</i>	Using the AWM as the source of data, the number of PLs issued to taxpayers is calculated.
<i>Data Limitations:</i>	The AWM has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>Measure: Average Length of Time (Work Days) Taken to Issue a Position Letter for All Cases Received by the Administrative Hearings Section</b>	
<i>Short Definition:</i>	A position letter (PL) analyzes and responds to the statement of grounds filed by a taxpayer when a hearing is requested. The PL is considered issued when it is mailed.
<i>Purpose/Importance:</i>	This measure averages the number of work days that it takes the Assistant General Counsels to issue PLs in all cases after the Administrative Hearings Section receives the request for a hearing. It is important because it reflects how promptly taxpayer's objections are handled.
<i>Source/Collection:</i>	PL issue dates of all cases are entered into the Agency Work Manager (AWM) daily. An AWM report determines the number of PLs issued within the parameters of the reporting period, counts the number of days (excluding hold periods) between the date on which the Administrative Hearings Section received the case, and the date on which the PL was issued, and then averages the length of time taken by the Assistant General Counsels to issue PLs in all cases during the reporting period. Data is maintained within the AWM, and the PL issue date must be within the parameters of the reporting period.
<i>Method of Calculation:</i>	Using the AWM as the source of data, the number reflects the average count of working days from when the Administrative Hearings Section receives a case file and when a PL is issued in the case, excluding hold periods. A hold period is the period of time during which action on a case is abated because of policy review, court action, bankruptcy or other considerations.
<i>Data Limitations:</i>	The AWM has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Number of New Requests for Hearings Received in Administrative Hearings Section</b>	
<i>Short Definition:</i>	Using the Agency Work Manager (AWM) as the source of data, the number of new requests for hearings received in the Administrative Hearings Section is calculated.
<i>Purpose/Importance:</i>	This measures counts the number of new cases that enter the Administrative Hearings process, and when added to the number of cases that are already in the process, the Administrative Hearings Section (AHS) is able to determine the average number of cases that are assigned to its Assistant General Counsels. By review of the new requests for hearing, AHS managers can determine the types and complexity of cases that enter the process.
<i>Source/Collection:</i>	Count the total number of new hearings that AHS receives during a reporting period. The data is maintained within the AWM, and a new hearing must be received during the parameters of the reporting period to be reflected on the AWM report.
<i>Method of Calculation:</i>	Using the AWM as the source of data, the number of new requests for hearings that AHS receives is calculated.
<i>Data Limitations:</i>	The AWM has well-defined parameters and criteria for each reporting period.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

## STRATEGY: ACCOUNTING/REPORTING

Measure: Percent of Targeted State Agencies with Improved Performance	
<i>Short Definition</i>	The percent of targeted state agencies and institutions of higher education, which, over the course of the year, improve their performance in selected areas from the previous fiscal year.
<i>Purpose/Importance</i>	This measure is intended to gauge Fiscal Management Division's performance in providing information and assistance to state agencies regarding applicable statutes, administrative rules and guidelines.
<i>Source/Collection:</i>	Prior to the beginning of the fiscal year, the division will review data that contains relevant information about each agency. Areas of focus may include, but are not limited to, late interest paid, number of warrant cancellations, number of Letters of Authorization (LOAs), ITV payments, callbacks, cancellations, contractual agreements, bailment contract violations, etc. Based on this review, the division will identify poorly performing areas and select a group of agencies to apply appropriate strategies (training, one-on-one meetings, etc.) to improve their performance. The targeted agencies' initial performance level will be used to gauge improvement at year end.
<i>Method of Calculation:</i>	A spreadsheet will track performance of selected state agencies and areas of focus each year. Although the targeted agencies and areas of focus may change from year to year, the method for calculating the percent of targeted agencies with improved performance will remain the same from year to year. It will consist of: 1) Prior to the beginning of the fiscal year, poorly performing specific areas will be selected for analysis and tracking; 2) A group of poorly performing state agencies will be targeted for appropriate strategies (training, etc.); 3) These targeted agencies' performance will be tracked throughout the year to see if the chosen strategies are improving performance; 4) At year end, the division will extract performance results and compare to the beginning of the fiscal year to determine if performance improved in any of the focus areas; 5) Total number of agencies with improved performance divided by total targeted agencies equals percent of targeted state agencies with improved performance.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
Measure: Percentage of Proposed State Expenditures Guaranteed to be Entirely Supported by a Valid Revenue Estimate Before Certification of the General Appropriations Act for the Next Biennium	
<i>Short Definition:</i>	The total percentage of all program costs in the General Appropriations Act and other legislation containing appropriations that are supported by estimated revenues.
<i>Purpose/Importance:</i>	Demonstrates whether proposed appropriations are supported by the Comptroller's revenue estimates.
<i>Source/Collection:</i>	Bills are reviewed by Legislative Affairs and forwarded to divisions to identify those that generate revenue or appropriate expenditures. All identified bills are forwarded to the Appropriations Control section of Fiscal Management where a manual "costing" process is applied to each bill.
<i>Method of Calculation:</i>	This measure is calculated by dividing the total revenue estimate by total program costs in the General Appropriations Act and other appropriation bills.
<i>Data Limitations:</i>	Revenue Estimating Division estimates revenue used in the calculation.



<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Average Percent Variance (Plus or Minus) Between Estimated and Actual Total Revenue Collections</b>
<i>Short Definition:</i>	The difference between estimated revenues in the General Revenue Fund for a 3-year period covered by the Biennial Revenue Estimate (BRE) or Certification Revenue Estimate (CRE) and the actual General Revenue Fund revenues (for the same 3-year period). Either the post-session Certification Revenue Estimate (CRE) or the earlier pre-session BRE, depending upon the actions of the Legislature, will be the basis from which to compare the estimated revenue for the upcoming biennium with the actual revenue for the biennium.
<i>Purpose/Importance:</i>	As directed by the State Constitution (Article III, Section 49a), the Comptroller must provide the Legislature and the Governor with a Biennial Revenue Estimate (BRE) at the beginning of each legislative regular session. The BRE contains a forecast of all state revenues expected for the remainder of the current fiscal year in which the BRE is prepared, along with revenues for the upcoming biennium for which the Legislature will be preparing a budget, a total of 3 fiscal years. The Comptroller also must certify that there will be sufficient revenue to cover the state budget as passed by the Legislature before the appropriations bill is sent to the Governor.
<i>Source/Collection:</i>	This figure is obtained from reports produced using computer programs maintained by the Revenue Estimating Division. Note that the estimated and actual figures are only for unappropriated General Revenue Fund revenues, and that some General Revenue Fund balances are not included in funds available for certification (such as gross lottery proceeds and oil overcharge receipts) because they are not available for general purpose appropriations.
<i>Method of Calculation:</i>	The average percent variance is computed by taking the difference between estimated revenues in the General Revenue Fund for the 3 year period covered by the BRE or CRE and the actual General Revenue Fund revenues (for the same 3 year period), and dividing by the actual revenues. Revenue Estimating staff maintains programs which compile the necessary statistics from the agency's accounting databases.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure:</b>	<b>Percent of All Payments Issued Via Direct Deposit (Excluding WES Child Support Payments)</b>
<i>Short Definition:</i>	The percent of all payments, except Warrant Express System (WES) Child Support payments, made by the state that are paid via a direct deposit transaction.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and measure the relationship between payments made through direct deposit and the total number of payments (warrant and direct deposit excluding WES Child Support Warrants).

<i>Source/Collection:</i>	A) Total Warrants: Total number of warrants (excluding WES Child Support warrants) from: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support warrants; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRRREG-7 (Daily Warrant Transmittal Totals); 5) All Expedites (Daily Manual Expedite Warrant Register and Agency Warrant Register). B) Total Payroll and Retirement via Direct Deposit: Totals from Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Total Bills via Direct Deposit: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe) (Bills plus Travel). D) Total number of payments issued equals A + B + C.
<i>Method of Calculation:</i>	Percent of Total Payments Issued via Direct Deposit equals B + C divided by D, where B, C and D are defined as: A) Total Warrants: Total number of warrants (excluding WES Child Support warrants) from: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support warrants; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRRREG-7 (Daily Warrant Transmittal Totals); 5) All Expedites (Daily Manual Expedite Warrant Register and Agency Warrant Register). B) Total Payroll and Retirement via Direct Deposit: Totals from Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Total Bills via Direct Deposit: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe) (Bills plus Travel). D) Total number of payments issued equals A + B + C.
<i>Data Limitations:</i>	The reported percentage incorporates the entire population of payments except (OAG) WES Child Support payments. Direct Deposit is voluntary and the volume of activity is not within the agency's control.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Percentage of Fiscal Management Division Customers who Return an Overall Customer Service Rating of Good or Excellent on the Fiscal Management Customer Service Survey</b>	
<i>Short Definition:</i>	This number represents the number of users who returned a good or excellent rating for the overall customer satisfaction question on the customer service survey expressed as a percentage of the total surveys returned.
<i>Purpose/Importance:</i>	This measure provides an indication of the level of customer service provided by Fiscal Management staff and identifies any areas that may need improvement or enhancement.
<i>Source/Collection:</i>	Customer service surveys returned from all state agencies annually.
<i>Method of Calculation:</i>	This measure is calculated by taking the total number of good or excellent customer responses to the Overall Satisfaction survey question and dividing this total by the total number of surveys returned.
<i>Data Limitations:</i>	None. Note: Customer service surveys are well defined, but are dependent on a successful return rate from the customer.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>Measure: Number of Financial Reports Published by their Statutory Deadlines</b>	
<i>Short Definition:</i>	The Cash Report and the CAFR are published by their due dates if they are published by the first Monday in November and the last day of February, respectively.
<i>Purpose/Importance:</i>	The purpose of this measure is to ensure the division meets the due dates of these statutory reports.
<i>Source/Collection:</i>	A manual record maintained by the division of the dates of delivery of statutory reports.
<i>Method of Calculation:</i>	A sum of the number of financial reports published by the statutory deadlines.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Texas Economic Update Reports Published each Fiscal Year</b>	
<i>Short Definition:</i>	Texas economic update reports contain the results of the most recent state economic forecast and the latest economic indicators for a readership interested in detailed economic information. The reports may also contain articles that analyze current economic or demographic topics and appendices with numerous detailed economic and demographic tables and figures.
<i>Purpose/Importance:</i>	Each economic update provides an analysis of current state economic conditions, results from the latest state economic and demographic forecasts, articles on major industries in Texas or other issues relevant to the economy and an appendix with detailed economic and demographic data. The process of developing written analyses of these forecasts, along with the feedback received from readers, helps the Division in evaluating its forecasting work. These reports also serve as vehicles for disseminating useful information to interested parties in the state.
<i>Source/Collection:</i>	A manual count of the number of reports produced in each fiscal year is maintained by the agency's publications section.
<i>Method of Calculation:</i>	The reported number of economic update reports in a fiscal year is the sum of a manual count maintained by the agency's publications section.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Total Number of Payments (Excluding WES Child Support Payments) Issued</b>	
<i>Short Definition:</i>	The total number of payments issued is the total of all payments issued through warrants (except WES Child Support payments) and electronically via direct deposit.
<i>Purpose/Importance:</i>	This measure is used to monitor the total volume of all payments issued through warrants and electronically via direct deposit. It is important because it allows us to make projections in terms of quantities of supplies (warrant stock) and in terms of staff required for warrant distribution and administration.

<i>Source/Collection:</i>	A) Warrant Data is collected from the: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary), excluding WES Child Support payments; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRRREG-7 (Daily Warrant Transmittal Totals). B) Direct Deposit Data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Expedite Data is collected from the Daily Manual Expedite Warrant Register and the Agency Warrant Register.
<i>Method of Calculation:</i>	The total number of payments issued is the sum of A, (excluding WES Child Support payments), B and C, where A, B and C are defined as: A) Warrant Data is collected from the: 1) Daily USAS report DAFR3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary), excluding WES Child Support payments; 3) Daily USPS Report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRRREG-7 (Daily Warrant Transmittal Totals). B) Direct Deposit Data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Expedite Data is collected from the Daily Manual Expedite Warrant Register and the Agency Warrant Register.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Number of Post-Payment Audit Reviews Completed</b>	
<i>Short Definition:</i>	The measure is the quantity of state agency post-payment audits completed each fiscal year.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and monitor the post-payment audits in the division audit plan.
<i>Source/Collection:</i>	The source documents used to collect the data are the final audit reports sent to state agencies.
<i>Method of Calculation:</i>	The total of all final audit reports sent to state agencies each fiscal year. This data will be tracked by the Expenditure Audit Section.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Percentage of Ad Hoc Report Requests Responded to within Ten Working Days in Compliance with the Texas Public Information Act</b>	
<i>Short Definition:</i>	Percent of ad hoc report requests from the State Government Accounting systems responded to within 10 working days in compliance with the Texas Public Information Act. The response may include a completed report or written acknowledgement that the request has been received.
<i>Purpose/Importance:</i>	This measure provides an indication of the responsiveness of Fiscal Management staff in generating a response to ad hoc report requests, compliance with the 10 day mandate and resource requirements needed to perform the function.
<i>Source/Collection:</i>	All ad hoc requests are logged into the Open Records Tracking System. Statistics can be obtained from this system, including percentage of requests responded to within 10 working days.

<i>Method of Calculation:</i>	The percentage will be calculated by using the total number of ad hoc report requests responded to within 10 working days divided by the total number of ad hoc report requests received.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Percent of Payroll and Retirement Payments Issued Via Direct Deposit</b>	
<i>Short Definition:</i>	The percent of payroll and retirement payments issued by the state that are paid via a direct deposit transaction.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and measure the relationship between payroll and retirement payments made through Direct Deposit and the total number of payroll and retirement payments.
<i>Source/Collection:</i>	A) Total payroll and retirement warrant data is collected from: 1) Daily USAS report DAFR 3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary), excluding WES Child Support payments; 3) Daily USPS report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRRREG-7 (Daily Warrant Transmittal Totals). B) Payroll and retirement direct deposit data is collected from: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Total number of Payroll and Retirement payments equals A + B.
<i>Method of Calculation:</i>	Percent of payroll and retirement payments issued via direct deposit equals B divided by C, where B and C are defined as: A) Total payroll and retirement warrant data is collected from: 1) Daily USAS report DAFR 3671 (Daily Warrant Transmittal Report); 2) Daily USAS report DAFR 3641 (Payment Number Assignment Summary); 3) Daily USPS report 666 (Daily Warrant Transmittal Report); 4) SPRS Register SPRRREG-7 (Daily Warrant Transmittal Totals). B) Payroll and retirement direct deposit data is collected from: Direct Deposit Transmittal Acceptance Screen (daily screen print from mainframe). C) Total number of Payroll and Retirement payments equals A + B.
<i>Data Limitations:</i>	The reported percentage incorporates the entire population of payroll and retirement payments. Direct Deposit is voluntary and the volume of activity is not within our control.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Percent of Bill Payments Issued Via Direct Deposit</b>	
<i>Short Definition:</i>	The percent of all bill payments issued by the state that are paid via a direct deposit transaction.
<i>Purpose/Importance:</i>	The purpose of this measure is to track and measure the relationship between bill payments made through Direct Deposit and the total number of bill payments.
<i>Source/Collection:</i>	A) Total warrant data is collected from the Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support and Payroll and Retirement warrants, the Daily Manual Expedite Warrant Register and the Agency Warrant Register. B) Total direct deposit of bills data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from the mainframe) (Bills + Travel). C) Total number of bill payments equals A + B.

<i>Method of Calculation:</i>	Percent of bill payments issued via direct deposit equals B divided by C, where B and C are defined as: A) Total warrant data is collected from the Daily USAS report DAFR3641 (Payment Number Assignment Summary), excluding WES Child Support and Payroll and Retirement warrants, the Daily Manual Expedite Warrant Register and the Agency Warrant Register. B) Total direct deposit of bills data is collected from the Direct Deposit Transmittal Acceptance Screen (daily screen print from the mainframe) (Bills + Travel). C) Total number of bill payments equals A + B.
<i>Data Limitations:</i>	The reported percentage incorporates the entire population of bill payments. Direct Deposit is voluntary and the volume of activity is not within our control.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of WES Child Support Payments Issued</b>	
<i>Short Definition:</i>	The total number of payments issued is the total of all WES Child Support payments issued through warrants by the OAG.
<i>Purpose/Importance:</i>	This measure is used to monitor the total volume of the Office of Attorney General's Child Support payments issued through warrants. It is important because it allows us to make projections in terms of quantities of supplies (warrant stock) and in terms of staff required for warrant distribution and administration.
<i>Source/Collection:</i>	Data is collected from the daily USAS report DAFR3641, Payment Number Assignment Summary.
<i>Method of Calculation:</i>	Sum the number of WES Child Support payments listed on each daily DAFR3641 for the reporting period.
<i>Data Limitations:</i>	The number of WES Child Support payments is based on the volume of payments the Office of the Attorney General transmits to us for payment. The overall volume of activity is not within our control.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

## STRATEGY: PROPERTY TAX PROGRAM

<b>Measure: Percentage of Scheduled Independent School Districts' Total Value in which PTAD Met the Target Margin of Error</b>	
<i>Short Definition:</i>	The percentage of total value determined by the Property Value Study (PVS) with an actual margin of error at or less than 5 percent. Each ISD's margin of error is determined by employing standard statistical methods that consider sample variability for weighted mean ratios.
<i>Purpose/Importance:</i>	To measure the precision of the Property Value Study (PVS) conducted by the Property Tax Assistance Division.
<i>Source/Collection:</i>	The ratios are calculated and maintained on the Property Tax System (PTS) mainframe system.



<i>Method of Calculation:</i>	A sum of the total value of all scheduled ISD studies where the actual margin of error is at or below the targeted margin of error divided by the total value of all scheduled ISD studies (95 percent of the total ISD value studied). This quotient is then multiplied by 100.
<i>Data Limitations:</i>	Availability of sales data from County Appraisal Districts (CADs) and Multiple Listing Service (MLS) real estate data. Affected by CAD performance. CADs with very poor performance may require unattainable sample size.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Properties Included in the Property Value Study</b>	
<i>Short Definition:</i>	The total number of property value ratios (i.e., actual comparisons of CAD tax roll values in a given ISD to PTAD researched market sales and/or appraised values) included in the “current” PVS for the purpose of determining ISD taxable values for certification to the Texas Education Agency (TEA) in July. The number does not include any sales gathered that are not included in the annual PVS.
<i>Purpose/Importance:</i>	Necessary for completion of statutorily mandated annual Property Value Study.
<i>Source/Collection:</i>	The Property Value Study (PVS) systems are the source of actual property value and appraisal information. The monthly totals obtained from those systems are compared with the County Appraisal District (CAD) tax roll values.
<i>Method of Calculation:</i>	The number is calculated by summing the number of comparisons used in the PVS.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Public Outreach Activities Conducted Annually</b>	
<i>Short Definition:</i>	The number of property tax related public outreach activities conducted, including publications (written or updated for distribution), webinars, live seminars, training opportunities, and public presentations to taxpayers, appraisal districts, taxing jurisdictions, other property tax professionals, state officials, the media and the public.
<i>Purpose/Importance:</i>	Provides vital information concerning property tax data to interested parties.
<i>Source/Collection:</i>	Division maintains files of completed publications, webinars, training sessions, seminars and other outreach activities.
<i>Method of Calculation:</i>	Manual summation of the number of public outreach activities.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher

<b>Measure: Average Direct Cost Per Property Included in the Property Value Study</b>	
<i>Short Definition:</i>	The average total direct annualized cost of each property (value comparison or ratio) used in the annual Property Value Study (PVS).
<i>Purpose/Importance:</i>	Efficient use of budgeted funds.
<i>Source/Collection:</i>	Direct costs consist of the following: staff salaries from sections within PTAD, i.e., Field Studies (100%), Technical Properties (100%), Administration (50%), and Reporting (75%); division travel costs (90%); and data purchases. Direct cost is based on expenses at the end of the fiscal year. Indirect costs of mainframe support and miscellaneous administrative expenses are excluded. Salary, travel and contract appraiser expenses are maintained by the Budget and Internal Accounting Division. PTAD maintains computer files of property value comparisons (or ratios) included in the annual Property Value Study.
<i>Method of Calculation:</i>	This number is equal to the total direct annualized costs of the Property Value Study (PVS) divided by the total number of properties (property value comparisons or ratios) used in the annual PVS.
<i>Data Limitations:</i>	Dependent on number of parcels required. Not all data is available in electronic format at CAD offices. Rural areas have few sales to analyze and more properties must be appraised, which is more expensive. Some CADs may fail the property value study in their assigned year and must be included in the study for the following year. This may lead to variations in the sample size from year to year.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Average Cost of Staff Changes to Certified Preliminary Findings Expressed as a Percentage of Total Cost</b>	
<i>Short Definition:</i>	The average cost of staff changes to certified preliminary findings expressed as a percentage of total cost.
<i>Purpose/Importance:</i>	Efficient use of division resources based on cost of corrections after preliminary certification.
<i>Source/Collection:</i>	Direct costs consist of the following: staff salaries from sections within PTAD, i.e. Field Studies (100%), Analysis and Intake Area (100%), and Administration (50%), division travel costs (70%); and data purchases. Direct cost is based on expenses at the end of the fiscal year. Indirect costs of mainframe support and miscellaneous administrative expenses are excluded. Salary, travel and contract appraiser expenses are maintained by the Budget and Internal Accounting Division. PTAD maintains computer files of property value comparisons (or ratios) included in the annual Property Value Study. The cost per correction is estimated at 50 percent of the average cost of a sample.
<i>Method of Calculation:</i>	This number is equal to the total direct annualized costs of the initial certified Property Value Study (PVS) findings divided by the total cost of the certified findings plus the cost of the amended certified findings minus one.
<i>Data Limitations:</i>	The cost per amended preliminary finding is difficult to track and weigh. Using 50 percent of the total cost per parcel is based on management experience with the PVS over the past twenty years.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or lower

<b>Measure: Percentage of Independent School District Reports of Property Value Produced Electronically from Central Appraisal District (CAD) Appraisal Roll Data</b>	
<i>Short Definition:</i>	The percentage of ISD Reports of Property Value accepted and produced electronically from CAD appraisal roll data.
<i>Purpose/Importance:</i>	Electronic data submission by CADs improves the efficiency of the Property Tax Assistance Division (PTAD) staff by saving the amount of keystrokes required and by limiting data entry error.
<i>Source/Collection:</i>	CADs submit electronic tapes or paper reports by mail. Reports that cannot be produced from electronic appraisal rolls must be completed on paper forms by CADs, or ISDs within a CAD, and sent to PTAD.
<i>Method of Calculation:</i>	Manual summation of tapes of ISD Reports of Property Value accepted and produced electronically from CAD appraisal roll data is computed. The number of reports accepted from electronic appraisal roll data is then divided by the total number of reports processed for the annual Property Value Study (generally one per ISD). This quotient is then multiplied by 100.
<i>Data Limitations:</i>	Some CADs do not have the capability to produce appraisal roll data electronically.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: FISCAL RESEARCH AND STUDIES

<b>Measure: Percent Increase in the Number of Online Subscribers to Fiscal and Tax Publications</b>	
<i>Short Definition:</i>	In keeping with the agency initiative to provide all publications and numerous services online, the Public Outreach and Strategies Division is encouraging subscribers to sign up for electronic versions of publications. This measure will track the growth of the number of online subscribers.
<i>Purpose/Importance:</i>	As an agency initiative to reduce costs for printing and mailing when feasible, we are tracking the number of current and new subscribers to our publications/periodicals who choose to receive the material electronically. This will save the agency money in paper and postage costs and the subscribers will receive the publications faster.
<i>Source/Collection:</i>	Subscription renewal cards request that the subscriber enter an e-mail address if they prefer to receive the publication electronically via e-mail. The cards are mailed annually and the information is maintained on the publication subscriber lists. In addition, current or new subscribers visiting the online subscription sign-up can elect to receive the publication electronically. All print publications provide information on online subscriptions and e-mails are sent to online subscribers to distribute information.
<i>Method of Calculation:</i>	Sum the subscribers who enter e-mail addresses on subscription renewal cards at the end of a fiscal year plus the number of current and new subscribers that elect to receive materials electronically through the online subscription form. Subtract the total number of online subscribers from the previous fiscal year. Divide the difference by the total number of online subscribers from the previous fiscal year. Calculate the percentage growth of total online subscribers from fiscal year to fiscal year.
<i>Data Limitations:</i>	Limited to the number of subscription renewal cards returned and the number of subscribers who request to convert from print to electronic.
<i>Calculation Type:</i>	Non-cumulative

<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Data Requests Completed</b>	
<i>Short Definition:</i>	This number will accurately track all of the data requests received by the Public Outreach and Strategies Division. This will include, but not be limited to, agency employees, other agencies (state, county, local), general public companies/corporations, universities and the legislature.
<i>Purpose/Importance:</i>	The number of requests is tracked for historical and open records purposes.
<i>Source/Collection:</i>	All requests are tracked on the agency's open records tracking system.
<i>Method of Calculation:</i>	Sum of monthly totals from all tracked requests.
<i>Data Limitations:</i>	Limited to the data stored on the agency's mainframe and any disclosure laws.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Responses Provided to Local Government Requests for Assistance and Information</b>	
<i>Short Definition:</i>	A local government response provides local government management officials of city, county and special purpose districts an opportunity to learn new ideas and best practices in government management.
<i>Purpose/Importance:</i>	The purpose of the response is to provide information and an educational opportunity for a local government to learn about policies and procedures, principles of public administration, best practices and state laws, which will allow it to operate more effectively and efficiently while enhancing economic development opportunities.
<i>Source/Collection:</i>	A response is counted as a direct communication with a local government entity and can take the form of a Local Government Management Assessment (LGMA); a Control Self-Assessment (CSA); a Texas EDGE response to a direct question or request for information; a response to an e-mail or telephone request for local government assistance. Division staff will maintain a detailed log with contact information and the date the LGMA, CSA or response was provided.
<i>Method of Calculation:</i>	Each local government response provided is manually counted once and summed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>Measure: Number of Local Government Presentations and Regional Workshops Provided</b>	
<i>Short Definition:</i>	A presentation and/or regional workshop regarding local government issues is made when division staff appear before meetings of local government officials, speak at seminars on local government issues, provide training on matters affecting local governments or attend and man information booths at conferences sponsored by local government associations.
<i>Purpose/Importance:</i>	To assist local governments and officials by providing information and training that will facilitate their work on behalf of constituents.
<i>Source/Collection:</i>	A record of presentations and workshops provided is maintained in a database in the division's file server.
<i>Method of Calculation:</i>	Each meeting, seminar, training session and conference provided or attended is manually counted once and summed.
<i>Data Limitations:</i>	The division has no control over the number of meetings, seminars, training sessions and conferences in which they will be invited to participate.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Requests for Local Government Assistance and Information Received</b>	
<i>Short Definition:</i>	A request for assistance or information occurs when: 1) a local government official or other individual contacts a division representative seeking assistance; or 2) seeks the information directly by accessing the division's website ( <a href="http://www.texasahead.org/">http://www.texasahead.org/</a> ). A request is provided when: 1) the information, product, or service is mailed, phoned, or personally delivered to the customer; or 2) the person seeking the information accesses it directly from the division's website. The primary mode of contact is by direct access to the division's website. Requests are also received via phone, fax, letter, e-mail and by personal contact.
<i>Purpose/Importance:</i>	To assist local governments, officials and citizens by providing information and resources directly to them or to their elected representatives as well as state agencies.
<i>Source/Collection:</i>	For contacts made by phone, fax, letter or e-mail, completed requests are maintained in a database. For website contacts, the contacts are collected electronically and imported into an Excel file that is maintained in the division's file server.
<i>Method of Calculation:</i>	Each request made by phone, fax, letter or e-mail is manually counted once; any follow-up calls made by the requester or any contact initiated by a division member to a requester about a previously made request is not to be counted as a new request. Any request that causes production by different areas in the division is counted as a request by each affected area. All completed requests are maintained in a database, and each month a total is printed and filed in the division. Each "page view" made on the division's website is counted once. The total number of "page views" is imported into an Excel spreadsheet, which is printed and kept in the division files.
<i>Data Limitations:</i>	The division has no control over the number of individuals requesting information.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: TREASURY OPERATIONS

### Measure: Percentage of Funds Processed Electronically

*Short Definition:* Percentage of total monies processed electronically.

*Purpose/Importance:* This measurement reflects the optimum method in which funds can be processed. EFT deposits received and electronic cash letters to banks ensure funds are available more quickly for investment purposes.

*Source/Collection:* All deposits (checks and electronic) are captured in the check processing system. Reports are generated using the totals calculated by this system.

*Method of Calculation:* The check processing system calculates the availability of funds for every deposited item based on schedules provided by clearing banks for electronic cash letters. The system also provides data to calculate the percentage of electronic transactions.

*Data Limitations:* None

*Calculation Type:* Non-cumulative

*New Measure:* No

*Desired Performance:* Target or higher

### Measure: Number of Rapid Deposit Transactions Processed

*Short Definition:* The total number of: Automated Clearing House (ACH) entries originated and received; wire transfers received in the TEXNET program; and, payments processed by the Lockbox area. An ACH transaction is considered processed when the ACH entry is successfully transmitted to or received from the bank and the appropriate deposit or return document is produced. A wire transfer is considered processed when notification of payment is received from the Investment Division and a deposit document is produced. Lockbox transactions are considered processed when payments processed by the Lockbox area are delivered to the Transit area for deposit.

*Purpose/Importance:* This measurement reflects the results of the Banking and Electronic Processing (BEP) Division encouraging the use of innovative cash management ("rapid deposit") programs that speed up the deposit of revenue so funds may be invested as soon as possible.

*Source/Collection:* Reports to calculate the number of transactions processed come from the EFT/EDI system and lockbox applications.

*Method of Calculation:* Reports from EFT/EDI systems and lockbox applications are manually entered onto summary spreadsheets that cumulatively total all transactions processed.

*Data Limitations:* Some rapid deposit programs are required by statute, so their use is not solely the result of encouragement by the BEP Division. The BEP Division cannot encourage the use of Lockbox transactions due to constraints on number of staff persons.

*Calculation Type:* Cumulative

*New Measure:* No

*Desired Performance:* Target or higher

### Measure: Number of Checks Deposited

*Short Definition:* The total number of checks processed through the Banking and Electronic Processing Division for deposit to the state.



<i>Purpose/Importance:</i>	The measure is an indicator of the amount of work processed by the Check Processing staff.
<i>Source/Collection:</i>	A report, “Item Count Report - Checks and Warrants” produced by the Item Processing System, contains the number of checks deposited.
<i>Method of Calculation:</i>	The Item Processing System automatically counts the number of checks processed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Warrants Processed</b>	
<i>Short Definition:</i>	The total number of warrants processed. Warrants are considered processed when they are either paid or returned.
<i>Purpose/Importance:</i>	This measure is an indicator of the amount of work performed by the Warrant Section staff.
<i>Source/Collection:</i>	A monthly summary report, the “Item Count Report - Checks and Warrants,” containing the total number of warrants processed is produced by the Item Processing System.
<i>Method of Calculation:</i>	The Item Processing System automatically counts the number of warrants processed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of State Depository Bank Account Reconciliations Performed</b>	
<i>Short Definition:</i>	The number of state depository bank account reconciliations performed.
<i>Purpose/Importance:</i>	This measure indicates reconciliation workload volumes managed by Treasury Accounting personnel.
<i>Source/Collection:</i>	The CMD260 Report from the Cash Management System provides the number of Open Time Accounts (investment accounts). The Interactive Voice Response (IVR) System and the “missing statement” report from the Concentration System are netted to provide the number of reconciled monthly Concentration Accounts (field office accounts). An ad hoc report from the Cash Management System provides the number of NOW accounts (state’s operating accounts – interest earning accounts).
<i>Method of Calculation:</i>	NOW accounts are reconciled daily. The sum of NOW accounts reconciled daily is manually added to the number of Open Time accounts and Concentration accounts reconciled monthly to arrive at the total number of reconciliations performed monthly.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>Measure: Average Daily Amount of Securities and Assets Safekept</b>	
<i>Short Definition:</i>	The average daily amount of securities and assets safekept represents the sum of the average daily balances of agency investment securities safekept (most are owned by the Water Development Board), securities held in trust for state agencies (e.g., Department of Insurance), and collateral pledged by financial institutions holding state deposits. These numbers do not include the value of items collected from bank safe-deposit boxes or stock certificates held in the vault for Unclaimed Property.
<i>Purpose/Importance:</i>	The average daily amount of securities and assets safekept is an important indicator of state agency and depository activity and helps in anticipating Securities Management's workload.
<i>Source/Collection:</i>	Information used to calculate an overall average daily amount of securities and assets safekept is obtained from the operating systems used in daily processing.
<i>Method of Calculation:</i>	A calculation will be made using system generated data.
<i>Data Limitations:</i>	None. Note: The data is valid. The amount of securities and assets safekept, however, is determined by participating entities.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

<b>STRATEGY: PROCUREMENT</b>	
<b>Measure: Percent Increase in Dollar Value of Purchases Made through Term Contracts for the Co-Op Program Members</b>	
<i>Short Definition:</i>	The increase in dollar value of purchases made through term contracts for the Cooperative (CO-OP) program compared to the dollar value of purchases made by the CO-OP members through term contracts in the previous (baseline) year.
<i>Purpose/Importance:</i>	The CO-OP program expands availability of competitively bid goods and services to governmental entities such as cities, counties and school districts. Increasing the dollar value of purchases made through the CO-OP program allows the state to maximize its volume buying power, resulting in lower costs to all state agencies. It also provides the CO-OP members with a cost-effective procurement mechanism.
<i>Source/Collection:</i>	VAX CO-OP Database.
<i>Method of Calculation:</i>	The increase in the dollar value of purchases made through the CO-OP Program on term contracts will be calculated as the difference between the dollar value of the purchases made in the current fiscal year and the dollar value of purchases made during the same reporting period in the previous fiscal year on term contracts. The increase in the dollar value of purchases will be divided by the total dollar value of the purchases to determine the percent increase in CO-OP purchases on term contracts.
<i>Data Limitations:</i>	Measure reporting is dependent on CO-OP members submitting term contract orders through the VAX CO-OP database statewide purchasing system, or reporting term contract orders when not using the system.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No

<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Number of New HUBs Certified</b>
<i>Short Definition:</i>	Number of new HUBs certified during a reporting period.
<i>Purpose/Importance:</i>	Increasing the number of HUBs will increase state agencies' and institutes of higher education's ability to contract with HUBs. The number of new certified HUBs can best measure the program growth based on vendors that meet the certification criteria.
<i>Source/Collection:</i>	VAX and hard copy documentation of HUB certifications.
<i>Method of Calculation:</i>	The HUB program staff will set report parameters, with the actual report being generated from the VAX by the Information Systems Division. The HUB application will include a tracking mechanism to identify the number of applications received.
<i>Data Limitations:</i>	Data is currently available on VAX; however, additional controls will be required to further differentiate between new HUB certifications and recertifications.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Percent of Statewide Term Contracts Utilized through the Texas Smart Buy Program</b>
<i>Short Definition:</i>	The percentage of statewide term contracts utilized through the Texas Smart Buy Program during the reporting period.
<i>Purpose/Importance:</i>	Statewide term contracts represent sourcing initiatives that meet or exceed the needs of our customers and that aim to drive down prices for the state taxpayers. By understanding statewide term contract utilization, we will be able to better provide the tools and services necessary for our clients.
<i>Source/Collection:</i>	Data is collected in the Texas Smart Buy Program's data warehouse. Business Objects reports ("shopping cart" reports) for the reporting period will be obtained from the data warehouse.
<i>Method of Calculation:</i>	Number of statewide contracts utilized through the online system divided by the total number of statewide contracts available on Texas Smart Buy.
<i>Data Limitations:</i>	Purchases made on term contracts outside of the state's purchasing system will not be captured.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Presort and Barcode Savings Achieved</b>
<i>Short Definition:</i>	Report of the dollar value, expressed in thousands, of postage savings achieved for all classes of mail processed receiving postage discounts for presorting and/or bar coding.
<i>Purpose/Importance:</i>	Measures postage savings achieved for all classes of mail achieved by using presort and bar coding methods to process the mail.
<i>Source/Collection:</i>	Vendor invoices and current mailing rates.

<i>Method of Calculation:</i>	Volume information is calculated from vendor invoices. Savings are calculated by applying the contract costs to monthly volume and comparing it to the same volume at the full postage rate.
<i>Data Limitations:</i>	Mail volume is customer driven and postage rates are influenced by external factors.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of New and Renewed Statewide Volume Contracts Awarded</b>	
<i>Short Definition:</i>	The number of new and renewed statewide volume contracts awarded during the reporting period.
<i>Purpose/Importance:</i>	Statewide volume contracts allow the state to maximize the benefits of volume buying thereby increasing cost savings.
<i>Source/Collection:</i>	Total number of new and renewed statewide volume contracts based on information entered into an automated tracking system.
<i>Method of Calculation:</i>	Actual count of new and renewed statewide volume contracts awarded by the end of the reporting period.
<i>Data Limitations:</i>	Contingent on customer agencies' needs for common goods and services.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Solicitations Reviewed for Agencies and Delegated to Agencies</b>	
<i>Short Definition:</i>	The number of solicitations reviewed by TPASS staff and delegated to agencies for solicitation and contract award.
<i>Purpose/Importance:</i>	State agencies rely on TPASS procurement expertise to review and provide guidance on various procurement solicitations (RFPs, etc.) that are then returned to the agency for solicitation and award.
<i>Source/Collection:</i>	CATRAD Web-based system.
<i>Method of Calculation:</i>	Actual count of the total number of solicitations reviewed and delegated to agencies.
<i>Data Limitations:</i>	Contingent on customer agency requests for review of solicitations.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Contracts Awarded for Other State Agencies</b>	
<i>Short Definition:</i>	Number of solicitations reviewed and awarded for other state agencies.
<i>Purpose/Importance:</i>	Agencies rely on TPASS procurement expertise to award certain contracts procured through an RFP process.

<i>Source/Collection:</i>	VAX monthly report.
<i>Method of Calculation:</i>	Actual count of the total number of contracts awarded for other agencies.
<i>Data Limitations:</i>	Contingent on expertise and requirements of customer agencies.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of New and Renewed Purchasing Certifications Issued</b>	
<i>Short Definition:</i>	The number of new and renewed purchasing certifications issued to purchasers through the Texas Purchaser certification program.
<i>Purpose/Importance:</i>	Measures the results of the Texas Purchaser certification program and the ongoing qualification of state purchasers through training, education and testing.
<i>Source/Collection:</i>	Internal certification tracking system.
<i>Method of Calculation:</i>	Actual count of the total number of purchasers receiving certification or recertification each reporting period.
<i>Data Limitations:</i>	Subject to agency requirements.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of HUB Field Audits Conducted</b>	
<i>Short Definition:</i>	A manual count of the number of field audits conducted of applicants and registered HUBs.
<i>Purpose/Importance:</i>	Field audits ensure vendors are in compliance with HUB certification requirements.
<i>Source/Collection:</i>	VAX (statewide HUB reporting system) HUB compliance tracking database.
<i>Method of Calculation:</i>	Actual count of the number of field audits conducted during a reporting period.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of HUB Desk Audits Conducted</b>	
<i>Short Definition:</i>	A manual count of the number of desk audits conducted of applicants and registered HUBs.
<i>Purpose/Importance:</i>	Desk audits ensure vendors are in compliance with HUB certification requirements.
<i>Source/Collection:</i>	VAX (statewide HUB reporting system) HUB compliance tracking database.
<i>Method of Calculation:</i>	Actual count of the number of desk audits completed during a reporting period.

<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of HUB Seminars and Outreach Efforts Conducted</b>	
<i>Short Definition:</i>	Measures the total number of statewide educational training/outreach seminars conducted for vendors and purchasers on an annual basis.
<i>Purpose/Importance:</i>	To provide HUBs and purchasers relevant information to increase the availability and utilization of HUBs in the state's procurement opportunities. HUBs are listed in the HUB directory and are encouraged to be listed on the Centralized Master Bidders List (CMBL).
<i>Source/Collection:</i>	TPASS maintains a database that tracks Economic Opportunity Forums (EOFs) and other HUB training and educational events. Outreach efforts include seminars, forums, one-on-one meetings, training and networking events. Tracking information includes the dates, locations, type of information provided and participation of vendors and state agencies.
<i>Method of Calculation:</i>	A sum of the number of seminars/outreach events conducted.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Pieces of Mail Processed</b>	
<i>Short Definition:</i>	The number of pieces of mail processed through TPASS postage meters.
<i>Purpose/Importance:</i>	TPASS provides the maximum available discount on postal rates. Providing this service to other state agencies will serve to reduce duplication of services by state government.
<i>Source/Collection:</i>	Mail is metered through TPASS postage meters. Piece volumes are automatically recorded on the CPA's Mail Management Software system.
<i>Method of Calculation:</i>	Sum the total number of pieces of mail processed through TPASS postage meters at the end of each reporting period.
<i>Data Limitations:</i>	Volume of mail metered is customer driven.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher



<b>Measure: Number of Business Days to Process Non-Delegated Open Market Requisitions from Client Agencies (Under Texas Government Code Annotated §2155.132) Using the Invitation for Bids (IFB) Procurement Method</b>	
<i>Short Definition:</i>	The average number of business days needed by the Statewide Procurement Division to process individual agency requirements using the IFB procurement method for goods and services that are not available on term contracts or scheduled purchases.
<i>Purpose/Importance:</i>	Measure demonstrates and documents the efficiency of processing open market purchases using the IFB procurement method.
<i>Source/Collection:</i>	Data is obtained from the Automated Purchasing System's "Time to Final Disposition" (a.k.a. "Req. Time") Management report and is averaged by month. The data from the report is entered into a spreadsheet for analysis.
<i>Method of Calculation:</i>	All requisitions reported in the "final disposition" status using the IFB procurement method during the month are included. The program tracks the business days each open market requisition took to get to the final disposition status. Business days that are outside of TPASS jurisdiction (on hold for referral or additional detail) are not included. The report calculates the average business days by dividing the net business days in TPASS Status by total number of requisitions using the IFB procurement method to arrive at the average business days to process these Open Market requisitions.
<i>Data Limitations:</i>	The processing of open market requisitions using the IFB procurement method may be affected by statutory posting requirements and addendums to solicitations.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or lower
<b>Measure: Number of Business Days to Process Non-Delegated Open Market Requisitions from Client Agencies (Under Texas Government Code Annotated §2155.132) Using the Request for Proposals (RFP) Procurement Method</b>	
<i>Short Definition:</i>	The average number of business days needed by the Statewide Procurement Division to process individual agency requirements through the RFP procurement method for goods and services that are not available on term contracts or scheduled purchases.
<i>Purpose/Importance:</i>	Measure demonstrates and documents the efficiency of using the RFP procurement method to process larger open market purchases.
<i>Source/Collection:</i>	Data is obtained from the Automated Purchasing System's "Time to Final Disposition" (a.k.a. "Req. Time") Management report and is averaged by month. The data from the report is entered into a spreadsheet for analysis.
<i>Method of Calculation:</i>	All requisitions reported in the "final disposition" status during the month using the RFP procurement method are included. The program tracks the business days each open market requisition took to get to the final disposition status. Business days that are outside of TPASS jurisdiction (on hold for referral or additional detail) are not included. The report calculates the average business days by dividing the net business days in TPASS Status by total number of requisitions using the RFP procurement method to arrive at the average business days to process these Open Market requisitions.
<i>Data Limitations:</i>	The processing of open market requisitions using the RFP procurement method may be affected by statutory posting requirements and addendums to solicitations.

<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	Yes
<i>Desired Performance:</i>	Target or lower
<b>Measure: Number of New HUB Applications Received</b>	
<i>Short Definition:</i>	Number of new HUB applications received during the reporting period.
<i>Purpose/Importance:</i>	Reporting the number of new HUB applications received will provide more planning information, i.e., level of resources vs. demand for service. In addition, it will provide the necessary information to derive the number/percentage of HUB denials.
<i>Source/Collection:</i>	VAX tracking database.
<i>Method of Calculation:</i>	Electronically calculated based on information entered.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: COUNCIL ON COMPETITIVE GOVERNMENT (CCG)

<b>Measure: State Agency Annual Savings and Measurable Value Resulting from CCG Initiatives</b>	
<i>Short Definition:</i>	Annual savings and measurable value from ongoing (continuing from a previous fiscal year) CCG initiatives and new CCG initiatives started during the fiscal year. A CCG initiative is the review and actions resulting from a review of any state service or activity that the CCG designates as an identified state service. Actions that result from a review may include a new contract, adjustment to existing contracts, realignment of activities across agencies, or a change in agency policy or operating procedure as a result of review findings. An identified state service is a state service or activity designated by the CCG in an open meeting for evaluation and possible realignment or outsourcing to either a private entity or a state agency or university. Measurable value is the value of new services or capacity made available as a result of a CCG contract that is in addition to the original service.
<i>Purpose/Importance:</i>	This measure provides an indication of the overall effectiveness of CCG initiatives.
<i>Source/Collection:</i>	Data are collected by project contract administrators and reported to the CCG staff. Data collection is based on financial criteria based on CCG cost methodology or evaluating the Total Cost of Ownership impact from new contracts, renegotiated contracts or changes in agency policy or operating procedures. Measurable value is based on determining the monetary value of new capacity and services made available through CCG initiatives to state agencies.
<i>Method of Calculation:</i>	Manually sum the total savings and measurable value from ongoing CCG initiatives during the reporting period and the total savings and measurable value from CCG initiatives started during the reporting period. Results can be realized (removed from agency budgets by the Legislature) or unrealized (identified by CCG but remains in the agency budget). Savings is calculated by subtracting the dollar amount of the original contract from the dollar amount of the new CCG contract for the same services and/or by new post transaction rebates included within the new contract.

<i>Data Limitations:</i>	CCG staff are not responsible for the primary collection of the data related to ongoing savings of existing contracts; it is the responsibility of contract administrators that do not fall under the direct control of the CCG.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Number of Competitively Contracted State Services Under Council on Competitive Government Oversight</b>
<i>Short Definition:</i>	The number of active CCG services made available through competitively contracted state services. A CCG service is any state service or activity that the CCG establishes through a contract as a result of a feasibility review of an identified state service. An identified state service is a state service or activity designated by the CCG in an open meeting for evaluation and possible outsourcing to either a private entity or a state agency or university. A service is active during the time in which a CCG-approved contract or interagency agreement exists with an entity to perform the identified state service.
<i>Purpose/Importance:</i>	This measure provides an indication of the overall CCG activities in outsourcing state services in a given fiscal year.
<i>Source/Collection:</i>	A manual sum of all CCG-approved contracts and interagency agreements that are under CCG oversight during a given fiscal year. A service is considered active throughout the duration of the contract or agreement period; therefore, a service that is performed as part of a multi-year contract or interagency agreement will be counted in each fiscal year covered by the contract agreement. CCG approval of contracts and interagency agreements is obtained from CCG open meeting minutes and signed contracts/interagency agreements. CCG open meeting minutes are approved by the CCG and maintained by CCG staff. Copies of all contracts and interagency agreements are maintained by the CCG Director.
<i>Method of Calculation:</i>	Manually sum the CCG-approved contracts and interagency agreements for competitively contracted state services under CCG oversight during a given fiscal year.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Number of State Activities Proposed for Competitive Contracting Evaluated for Cost Effectiveness</b>
<i>Short Definition:</i>	The number of state activities that are reviewed by CCG as a result of designation by the Council as an identified state service. A state activity is considered under review when the CCG designates it as an identified state service or when the CCG reviews an unsolicited proposal for outsourcing an activity in an open meeting. Following the designation of a project as under review, the CCG will appoint an agency as the project lead. Staff from the project lead agency will then work with the CCG staff to determine whether or not there is the potential for savings in releasing the service for competitive bid.
<i>Purpose/Importance:</i>	This measure provides an indication of the overall CCG activities in actively reviewing potential new state services.

<i>Source/Collection:</i>	A manual count of state activities reviewed by CCG for possible competitive contracting during a given fiscal year obtained from CCG open meeting minutes. CCG open meeting minutes are approved by the CCG and maintained by CCG staff.
<i>Method of Calculation:</i>	Manually sum the number of state activities that the CCG designates as identified state services and the number of unsolicited proposals CCG agrees to review during a given fiscal year.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: REVENUE AND TAX PROCESSING

Measure: Time Required to Generate Taxpayer Refunds (Days)	
<i>Short Definition</i>	This measure provides a monthly indicator of the average number of days to generate a taxpayer refund.
<i>Purpose/Importance</i>	Over 80 percent of refund requests for taxes administered by this agency are received, analyzed and submitted for processing by this division. Using data from the three taxes with the highest volume (Sales, Franchise and Fuels), this measure provides a barometer of the time it takes to review a potential refund and enter its approval/denial into the computer system. This indicator is important because tax refunds represent one of the three administrative areas of the division.
<i>Source/Collection:</i>	OTC and SAS reports are generated monthly for Sales, Fuels and Franchise Tax Overpayments, as well as Fuels Tax Refund Claims. The section responsible for these taxes extracts the appropriate information for each of the four components and reports it to the Operations Support section on its monthly MIS report. The O.S. section collates the data and makes the final calculation.
<i>Method of Calculation:</i>	For each of the four components of the measure, two pieces of information are reported: “num-days” – which is the number of days from the generation date of an overpayment notice (or the process date of a refund claim) to the release date of the notice or claim (note: numdays are counted only for those items released during the reporting period); and, “frequency” – which is the actual number of overpayment notices and refund claims released during the reporting period. The total of the “numdays” for each of the four components is then divided by the corresponding “frequency” total. The resulting quotient is the reported measure.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
Measure: Time Taken to Return Tax Allocations to Local Jurisdictions (Days)	
<i>Short Definition</i>	This measure determines the actual number of days between the current monthly sales tax return due date and the date the allocation payments are released to local jurisdictions.

<i>Purpose/Importance</i>	Tax allocation is one of the primary functions performed in this division. We have a responsibility to local jurisdictions to return local taxes collected in the most efficient and effective manner possible. This measure provides an indicator of how timely the allocation is returned.
<i>Source/Collection:</i>	The division utilizes a calendar to determine the number of days from the return due date to the date the payments are released.
<i>Method of Calculation:</i>	The number of calendar days is counted between the tax return due date to the date the allocation payments are released to local jurisdictions. The allocation warrants are released the second Friday of each month. An exception to the second Friday rule would occur if a state-observed federal banking holiday fell during the allocation week. In that case, allocation payments would be released the following Monday. The return due date is the 20th of each month unless it falls on a holiday or weekend, in which case the due date becomes the next business day. The target was derived by manually calculating the number of days between the return due dates to the date payments are released; adding the number of days between the return due dates and the payment release dates for a 12 month period; and dividing the number of days by 12 months. This calculation determines the average number of days to return tax allocation payments to local jurisdictions.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Average Tax Data Entry Turnaround Time (Hours)</b>	
<i>Short Definition</i>	The average tax data entry turnaround time is the average turnaround time in hours during both peak and non-peak processing periods, calculated from the time a tax document or return reaches Data Entry until it is keyed into agency entry systems. This average is based on a 24-hour workday, Monday through Friday, excluding official holidays.
<i>Purpose/Importance</i>	This measure provides a measure of the quickness that tax return information is updated to the agency's mainframe computing systems. This information is necessary for accurate, up-to-date data accessibility for agency personnel to use while working with taxpayer accounts. In addition, this data is used in the allocation of tax monies to local tax entities and governmental agencies and used in forecasting the economic being of the state.
<i>Source/Collection:</i>	A random sample of documents and tax returns received in the Data Entry area of Revenue Processing is compiled. The work is randomly checked as entry is completed. The time the work was received in Data Entry is taken from the associated batch header and compared to the actual time the work is completed to compute the average time to complete the entry. The sample sheets are maintained on a PC-based program in Data Entry.
<i>Method of Calculation:</i>	Registers are checked after entry and the turnaround time for the documents sampled is computed at the end of each month. This information is entered into an Excel spreadsheet, which calculates the average turnaround time by taking the actual time it took to enter each document divided by the total documents sampled to derive the turnaround time.
<i>Data Limitations:</i>	None. Data is collected from random samples. Data could be impacted by system downtimes and/or changes in agency-imposed tax.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower

<b>Measure: Number of Tax Returns Processed</b>	
<i>Short Definition</i>	Number of Tax Returns Processed is a measure of documents identified as tax returns received from taxpayers, which are processed through agency systems.
<i>Purpose/Importance</i>	This measure is intended to show the number of tax returns processed by the agency in administering agency taxes. It is an important measure for determining staffing, system needs and effectiveness of administration.
<i>Source/Collection:</i>	All documents processed in the agency have a transaction code, which is captured at the source of entry or data capture. This code is maintained in a database along with the associated taxpayer information.
<i>Method of Calculation:</i>	A computer-generated register of transaction codes of documents identified as tax returns received from the taxpayer is compiled on the agency mainframe computer on a monthly basis. This register identifies all tax returns entered on a monthly basis and indicates the source of entry of the document.
<i>Data Limitations:</i>	This measure allows for the collection of data of tax returns processed through all systems in the agency, both manual entry and through electronic means. This data is checked periodically for accuracy. Implementation of new data capture systems may change methodology and source data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Payments Deposited</b>	
<i>Short Definition</i>	Number of Payments Deposited is the total number of checks, cash remittances and electronic payments deposited to the State Treasury by the agency. All payments processed in the agency have a transaction code, which is captured at the source of entry. This code is maintained in a database along with the associated taxpayer information.
<i>Purpose/Importance</i>	This measure provides information as to the effectiveness of the agency in processing tax receipts and maximizing interest to the state and in helping to determine the level of economic activity in the state.
<i>Source/Collection:</i>	The number of tax payments processed is captured off of a mainframe entry program, RMIXIS, through an automated program, ITIMS Proc, which captures both deposit and data entry information.
<i>Method of Calculation:</i>	A computer-generated register of transaction codes of documents identified as payments received from the taxpayer is compiled on the agency mainframe computer on a monthly basis. This register identifies all payments entered on a monthly basis and indicates the source of entry of the document.
<i>Data Limitations:</i>	This measure allows for collection of data of tax payments processed through all systems in the agency, both manual entry and through electronic means. This data is checked periodically for accuracy. Implementation of new data capture systems may change methodology and source data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher



<b>Measure: Number of Permits and Licenses Issued</b>	
<i>Short Definition</i>	This is the number of permits, decals and licenses verified and issued through Account Maintenance. Permits are issued for sales tax, fuels tax, tobacco tax and Maquiladoras. Licenses and decals are issued for amusement tax and IFTA.
<i>Purpose/Importance</i>	A permit or license is required for doing certain types of business in the state of Texas which involve the collection of taxes.
<i>Source/Collection:</i>	Permits and amusement license totals come from a TSO report entitled LBBPERM; totals for the remaining types are located on various reports maintained by the division.
<i>Method of Calculation:</i>	The TSO program LBBPERM captures data from the Account Maintenance Division time accounting system. Accounts Examiners working permits, decals or licenses allocate their time to a designated function code along with quantity processed for these tasks. Data from the time accounting system is summed.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Taxpayer Account Adjustments</b>	
<i>Short Definition</i>	The number of adjustments made to taxpayer accounts. Adjustments can be exceptions, adjustment notices and file maintenance entries to a taxpayer's account.
<i>Purpose/Importance</i>	Corrections or updates are made to taxpayer accounts to ensure all data is current. Other areas of the agency, such as Enforcement and Audit, view this data via the mainframe system; taxpayer account information must be correct and current.
<i>Source/Collection:</i>	Each accounts examiner processes exceptions, adjustment notices and file maintenance records and enters their time and the quantity of adjustments made to the time accounting system on a daily basis. A TSO program entitled LBBTAXES captures the data.
<i>Method of Calculation:</i>	Totals are derived from information in the automated time accounting system function codes. A TSO program is submitted on a monthly basis giving the total number of exceptions, adjustment notices and file maintenance processed. These three totals are added.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Number of Collection Actions Performed</b>	
<i>Short Definition</i>	Total number of collection actions performed in the division, including the number of hot check billings, liens filed, certifications filed with the Attorney General, judgments issued, bankruptcy claims filed, successor liability audits performed, security forfeitures, warrants held and determinations issued.
<i>Purpose/Importance</i>	Advanced collections make up approximately one-third of the overall division operations. A number of these collection processes have related expenses that must be included in our annual budget. Performance measures are maintained to assist in forecasting the associated costs.

<i>Source/Collection:</i>	The number of collection actions performed is either entered to the agency's time accounting system, obtained from other mainframe system-generated reports or maintained on a manual spreadsheet. This information is obtained on a monthly basis from each affected section.
<i>Method of Calculation:</i>	Monthly reports are utilized to gather the total number of actions performed in each category and are added together for a monthly grand total. Reports used are either mainframe system-generated or maintained on a manual spreadsheet. Mainframe system reports are supported by Information Technology Division and an in-house subject matter expert.
<i>Data Limitations:</i>	The Time Accounting System is used by all division employees to account for their time and inventory items cleared. We utilize this system for obtaining performance measure data, capturing the number of cleared inventory items and to assist us in workload management. In some instances we rely on other system-generated reports and manual spreadsheets to retrieve the reported data.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Number of Tax Refunds Issued</b>	
<i>Short Definition</i>	This measure counts the total number of tax and fee refunds processed through the Fund and Payment Reconciliation section of Revenue Accounting.
<i>Purpose/Importance</i>	This measure allows us to track the total number of tax refunds being issued each month, including those reviewed and processed outside the division. This is important in that it allows the division to track, with one number, the volume of tax refunds issued and to identify the impact of any refunds being processed outside the division.
<i>Source/Collection:</i>	A mainframe computer-generated report from the Uniform Statewide Accounting System (USAS) is received by the Fund and Payment Reconciliation section each month which details refunds issued. Adjustments are made to some figures by the section to account for manual adjustments not reflected in the report. Also, "refunds" issued for Unclaimed Property are deleted because they do not fall into the category of tax refunds. The report is then turned over to the Operations Support section along with other monthly MIS data from the section for the final calculations.
<i>Method of Calculation:</i>	The method of calculation is a straightforward sum. No formulas are applied in the process. From the report turned over to the Operations Support section, taxes and fees are grouped together and totaled for the division's internal MIS report. The grand total of these groups, exclusive of Unclaimed Property, represents the final reported measure.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Number of Staff Hours Spent Allocating Local Option Taxes to Government Entities</b>	
<i>Short Definition</i>	This measure indicates the total number of staff hours spent verifying and allocating local option taxes to government entities.
<i>Purpose/Importance</i>	We have a responsibility to local jurisdictions to return local taxes collected in the most efficient and effective manner possible. This measure provides an indicator of how many hours are spent analyzing data and processing necessary transactions prior to the release of the allocation.

<i>Source/Collection:</i>	This measure includes time spent allocating sales tax, mixed beverage gross receipts tax, hotel tax, the Law Enforcement Officers Standards and Education distribution to government entities and IFTA settlements between states. Hours also include the time spent on tasks directly affecting allocation such as reallocations, direct deposit, registers, election results, tax adoptions and annexations.
<i>Method of Calculation:</i>	Section monthly Time Accounting Reports are utilized to gather the total number of hours spent allocating local option taxes. Time Accounting is a mainframe system supported by Information Technology Division and an in-house subject matter expert.
<i>Data Limitations:</i>	The Time Accounting System is used by all division employees to account for their time and inventory items cleared. We utilize this system for obtaining performance measure data, capturing the number of cleared inventory items and to assist us in workload management.
<i>Calculation Type:</i>	Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Average Number of Hours to Deposit Receipts</b>	
<i>Short Definition</i>	This measure is intended to measure the effectiveness of depositing receipts, tax and fee payments, which are defined as checks received.
<i>Purpose/Importance</i>	This measure reflects the effectiveness of the agency in identifying and processing receipts from the public and maximizing interest revenue opportunities for the state.
<i>Source/Collection:</i>	A random sampling of receipt deposits is collected in the Incoming Mail Section. Key information (such as taxpayer number, tax type and payment amount) is received and recorded in a spreadsheet located on the division's departmental drive. This information is then checked against the RCS database located on the CLUSSQL/CLUSSQL server to determine the exact date and time of check entry and deposit.
<i>Method of Calculation:</i>	The average number of hours from the receipt of the payment in the Incoming Mail section through the remittance entry batch completion time is measured. The processing times for the samples taken are added together and this sum divided by the number of samples taken. This average is based on a 24-hour workday, seven days a week.
<i>Data Limitations:</i>	None. Data is collected from random samples. Data could be impacted by system downtimes and/or changes in agency-imposed tax. Implementation of new data capture systems may change methodology and source data.
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or lower
<b>Measure: Percent of Tax Payments Received Via Direct Deposit</b>	
<i>Short Definition</i>	The percent of all tax and fee payments processed by agency systems, which are remitted to the state via direct deposit or electronic funds transfer (EFT).

<i>Purpose/Importance</i>	Tax payments made via direct deposit or EFT are a more efficient means of processing state revenue, versus the handling of paper checks. Money is deposited into the treasury faster, which allows the state to immediately begin collecting interest on the funds deposited. Processing paper payments (checks), requires extensive handling of paper and creates “float time” from the time of deposit until the time the state is credited with the payment and interest begins to accrue. Direct deposit results in funds being immediately available to the state, while paper payments can take several days to deposit due to mail and agency handling times, resulting in delayed availability of funds to the state.
<i>Source/Collection:</i>	Data is collected through an automated remittance inquiry system (RMIXIS) on the agency’s mainframe computer. The Cashier’s Office in the Revenue Processing Division also issues a monthly report entitled “Cashier’s Statistics” reflecting this data.
<i>Method of Calculation:</i>	The percentage is calculated by dividing the total dollar amount of tax payments received via direct deposit by the total amount of tax payments received from all sources (paper and electronic).
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher

## STRATEGY: STATE ENERGY CONSERVATION OFFICE

<b>Measure:</b>	<b>Energy Dollars Saved as Percent of Energy Expenditures</b>
<i>Short Definition:</i>	The percentage of state agency energy savings achieved by LoanSTAR participants as compared to energy expenditures.
<i>Purpose/Importance:</i>	This measure demonstrates the value of the LoanSTAR program in terms of return on investments.
<i>Source/Collection:</i>	Data is entered into an Excel database by the LoanSTAR Program Manager.
<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are predetermined/estimated annual savings identified in a detailed energy assessment report of a particular facility. This data provides an annual consumption baseline, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure:</b>	<b>Energy Dollars Saved by LoanSTAR Projects (In Millions)</b>
<i>Short Definition:</i>	The total energy cost savings for the current fiscal year attributed to building energy retrofits implemented through the LoanSTAR Program.
<i>Purpose/Importance:</i>	This is a key measure that accounts for the total energy savings attributed to the LoanSTAR Program.

<i>Source/Collection:</i>	Savings data is entered into an Excel database by the LoanSTAR Program Manager.
<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are pre-determined/estimated annual savings identified in the detailed energy assessment report of a particular facility. This data provides an annual energy consumption base-line, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Number of Active LoanSTAR Loans Processed and Managed by SECO</b>	
<i>Short Definition:</i>	The number of active LoanSTAR loans administered by the State Energy Conservation Office.
<i>Purpose/Importance:</i>	Loans in this category have been approved and are currently in some stage of completion between contract execution and final closeout.
<i>Source/Collection:</i>	Data is collected and entered into a program database (P.M. Loanstar Active Loans) by the Loan-STAR Program administrator.
<i>Method of Calculation:</i>	The number of loans approved and in some stage of completion between contract execution and final closeout during the period being reported are manually summed based upon internal SECO documents. The number shown is an independent snapshot of activity for the time period being reported.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher
<b>Measure: Energy Dollars Saved Per Dollar Spent for Energy Retrofit Programs</b>	
<i>Short Definition:</i>	Identifies the ratio between energy dollars saved by State Energy Conservation Office's (SECO's) institutional energy retrofit programs and the administrative dollars invested in program delivery.
<i>Purpose/Importance:</i>	The ratio established is critical in evaluating the overall administrative efficiency.
<i>Source/Collection:</i>	Data is entered into an Excel database by the LoanSTAR Program Manager.
<i>Method of Calculation:</i>	Savings calculations are a combination of metering data collected by the Energy Systems Lab (ESL) through 8/31/02 and stipulated savings, which is the current method used to update savings data. Stipulated savings are predetermined/ estimated annual savings identified in the detailed energy assessment report of a particular facility. This data provides an annual energy consumption base-line, which is then used to determine if the energy savings are being achieved.
<i>Data Limitations:</i>	None
<i>Calculation Type:</i>	Non-Cumulative
<i>New Measure:</i>	No
<i>Desired Performance:</i>	Target or higher





## APPENDIX E

# Work Force Plan

### I.

#### OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

The Texas Comptroller of Public Accounts, created by the Texas provisional government on Dec. 30, 1835, was directed to keep an accounting of the infant nation's debts and pay them if and when money became available. The office continued as an appointed position in the Republic of Texas and, after statehood, became an elected position authorized by Article IV, Section 23, of the Texas Constitution of 1850.

Today, the Comptroller's office serves virtually every citizen in the state. As Texas' chief tax collector, accountant, revenue estimator, treasurer and purchasing manager, the agency is responsible for writing the checks and keeping the books for the multi-billion dollar business of state government.

As chief financial officer, the Comptroller's office collects taxes and fees owed the state. Most of the office's duties and powers are enumerated in the Texas Tax Code and in Chapter 403 of the Texas Government Code. As guardian of the state's fiscal affairs, agencies depend on the Comptroller's office to pay their bills and issue paychecks to state employees. Legislators rely on the Comptroller to chart the course of the Texas economy, produce annual financial reports and estimate future state revenues. Local officials and businesses look to the agency for economic development guidance and data analysis. Taxpayers rely upon the agency for assistance and guidance regarding compliance with tax laws. Strict accountability in the collection and expenditure of taxpayer dollars is essential. All Texas residents depend on the agency to safeguard their tax dollars and ensure they are handled wisely.

Senate Bill 20, as passed by the 74th Legislature, amended Chapter 404 of the Government Code to transfer the powers and duties of the State Treasurer to the Comptroller, effective Sept. 1, 1996. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards,

raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury Safekeeping Trust, which invests, manages and oversees more than \$50 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, amended various chapters of the Government Code to transfer the statewide procurement, fleet management, statewide historically underutilized businesses and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$14.4 billion in American Recovery and Reinvestment Act, or stimulus, funds flowing through the state's treasury. More than 60 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent.

In addition, the State Energy Conservation Office was awarded over \$290 million in stimulus funds from the U.S. Department of Energy to support energy efficiency and renewable energy initiatives through four different programs: the State Energy Program, Energy Efficiency and Conservation Block Grant Program, State Energy Efficient Appliance Rebate Program and the Energy Assurance Program.

The work of the Comptroller's office doesn't end there. Turning around and growing Texas' economy is vitally important to the prosperity and quality of life of all in the state. By assisting communities and businesses in their efforts to create new jobs and improve the standard of living, the Comptroller's office is committed to creating an environment in which a healthy economy can flourish. The agency provides services to business owners, business taxpayers, local officials, Historically Underutilized Businesses (HUBs) and everyday Texans.

## TAKING CARE OF TEXANS AND THE BUSINESS OF TEXANS

### Business Owners and Business Taxpayers

- The Comptroller's office supports Texas business owners with a variety of resources to help them get ahead. With online tax help, interactive Web tools for economic data and up-to-the-minute information on how proposed legislation could affect businesses, the Comptroller's office offers a tool for everyone.
- Because business owners are busy people, the Comptroller's office is committed to making the collection and remittance of sales and other taxes as convenient and trouble-free as possible. Many of the agency's services are now online.
- The agency's *Window on State Government* website provides businesses with complete tax information and online tools. Business owners and taxpayers can conduct a wide array of transactions, from applying for a sales tax permit and filing a return to requesting franchise tax extensions and submitting required reports.
- General information about state taxes, including relevant statutes, Comptroller rules and preprinted tax-related forms can also be obtained online.
- The *Texas Edge* (Economic Data for Growth and Expansion) website allows users to tap into data and analysis for revenue planning, financial analysis, economic forecasting, site-location decisions and issues affecting trade, industry and growth. Up-to-the-minute reports on factors such as population and tax information for counties and other Texas areas can be created or custom economic research can be requested.
- *Texas Ahead* provides a one-stop Web portal to economic resources for growing and governing Texas. The site offers targeted resources for businesses, local governments and economic development professionals, giving them the vital information needed to make decisions about doing business in Texas or plan for economic growth.
- For business owners interested in doing business with Texas, the Texas Procurement and Support Services Division manages the state's procurement and contracting programs and services. With a massive marketplace and billions of dollars in purchasing power, Texas offers abundant opportunities for vendors. Businesses can register on the state's Centralized Master Bidders List to be notified of state bid opportunities.
- Telephone assistance for each of the taxes the Comptroller's office administers is provided and sales taxpayer

ers can file certain reports via telephone — all of it toll-free.

- For face-to-face contact, any of the agency's field offices throughout Texas are open to visitors. Field personnel can accept tax returns and payments, assist with tax permit applications and returns, answer taxability and collection-related questions and process requests for the permits, licenses and decals the agency provides.
- Taxpayer seminars are offered at locations around the state and online to provide useful information for buyers, sellers and service providers.

### Historically Underutilized Business (HUB) Owners

- State agencies and universities are constantly looking to work with businesses certified as HUBs. The goal of the Comptroller's statewide HUB program is to actively involve HUBs in the Texas procurement process and ensure they receive a fair share of state business. Certifying minority- or women-owned businesses in the agency's program provides opportunities to do business with more than 300 state entities. The state awarded more than \$1.9 billion in contracts and more than \$838 million in subcontracting opportunities to HUB-certified companies in fiscal 2009.
- The agency's internal HUB program is ready to do business with all minority- or women-owned companies certified as HUBs. The HUB program of the Comptroller's office always strives to exceed the Legislature's goals for HUB participation. The agency is committed to promoting equal opportunities in contract awards, working with both prime contractors and HUB subcontractors. The HUB program offers a toll-free HUB Program Information line to obtain current bid opportunities and other information.

### Local Officials

- The Comptroller's office is committed to partnering with local governments by providing vital management assistance to help streamline operations, improve customer service and ensure compliance with state laws.
- The agency provides a wealth of online information for local taxing authorities, including local sales and use tax information and tax rate histories for each taxing jurisdiction, answers to frequently asked questions and historical information on local sales and use tax and mixed beverage tax allocation payments.

- The agency's Texas Smart Buy initiative has created an online shopping cart system that allows local governments to purchase goods and services from existing, prearranged state contracts. The system greatly simplifies the purchasing process for hundreds of thousands of common items.
- The Texas Cooperative Purchasing Program (CO-OP) takes the volume purchasing power of Texas and brings it to more than 1,926 local government members. CO-OP purchasing means buyers have access to state contracts with no bidding required — just order from more than 200 state contracts. Member governments can purchase copiers, vehicles, road and highway materials and many other products for the same price as state agencies. The Comptroller's office also offers members onsite training as well as training sessions at various statewide events, conference calls, an online CO-OP manual, online Webinars and more.
- Local governments can obtain up-to-date data for revenue planning and analysis, economic forecasting and site location decisions at the Texas EDGE website.
- The Property Tax Division works to guarantee equality of school funding by maintaining the integrity of local property tax appraisals. The division conducts the state Property Value Study, which is used to ensure and enforce appraisal accuracy. Seminars and presentations on the property tax are also offered for appraisal district personnel and taxing authorities.
- The Comptroller's office oversees TexPool, an \$18 billion local government investment pool that serves more than 2,000 communities throughout the state. The TexPool program offers a convenient and effective choice for the investment of local funds. As a triple-A-rated local investment vehicle, it's a vital tool for maintaining safe and stable community revenues.
- The agency's State Energy Conservation Office (SECO) assists local governments in developing energy efficiency and renewable energy programs and offers loans and grants to help them slash their utility bills by improving or retrofitting their buildings.
- To help Texas communities keep underage teenagers tobacco-free, the Comptroller's office provides grants to school districts and local police departments to enforce the state's tobacco laws and keep tobacco out of the wrong hands.

## Everyday Texans

- The Comptroller's office provides vital information and data for everyday Texans through economic newsletters, in-depth special reports and Web pages that can all be accessed with the click of a mouse.
- *@YourService*, an e-mail subscription service available to the public, provides updates with news on topics ranging from franchise taxes to economic indicators.
- The agency's free monthly newsletters, *Fiscal Notes*, *Texas Rising* and *Texas Innovator* provide regular updates on issues and events affecting the state economy.
- To see how tax dollars are spent, *Open Book Texas* tools allow citizens to track and analyze spending by state agencies, read about local government transparency efforts and follow the flow of federal stimulus spending in the state.
- The federal stimulus funding site provides the state's most extensive list of grant and loan opportunities available to businesses, state and local government agencies, nonprofit agencies and individuals, including information, links and dollar amounts.
- The agency's Unclaimed Property Division reunites owners, or their heirs, with abandoned or unclaimed properties. Properties can include any type of forgotten financial asset, such as bank accounts, safe deposit box contents, insurance proceeds, utility deposits, uncashed payroll checks, cashier's checks, stocks and bonds and more. An online database of unclaimed property can be accessed and searched 24 hours a day, seven days a week. A claim form can also be generated online.
- The Comptroller's office prepares a variety of in-depth reports for anyone seeking to understand vital issues affecting the state as well as hard-hitting reports that tackle major policy issues and offer recommendations to help the state prosper. For example, *Texas in Focus* examines the challenges and opportunities facing each of Texas' 12 economic regions, while *Liquid Assets* looks at Texas' water resources and the demands affecting its supply.
- The Criminal Investigation Division works to keep taxes as low as possible by detecting, deterring and publicizing criminal conduct and fraud involving state tax laws.
- The agency's State Energy Conservation Office (SECO) provides information and educational programs on energy efficiency and renewable energy, including lesson plans and educator training as well as tips for saving energy at home.

- The Natural Resources Policy division monitors and analyzes the potential impact of state and federal energy and natural resource initiatives that could affect state revenues and the Texas economy. The division is advising a multi-agency advisory committee tasked with evaluating ways to reduce “greenhouse” gas emissions without damaging the Texas economy.
- In-depth information on Texas’ system of local property taxation, including explanations of exemptions and reporting requirements and advice on taxpayers’ rights and remedies under Texas law, such as how to contest appraisals, can be obtained from the Property Tax Assistance Division.
- The Comptroller’s office offers a variety of programs to support and develop an educated and trained Texas work force, from plans to help families save for college to scholarships for Texans. The Texas College Savings Plan allows individuals to set aside college savings while avoiding federal taxes on the earnings, while the Texas Tuition Promise Fund allows individuals to start paying for college now while locking in current tuition prices. The newly established Every Chance Funds will boost Texas career and technical education by offering grants to community colleges, technical schools and nonprofit organizations as well as scholarships for students in career and technical training programs.

## OUR MISSION

*The Office of the Texas Comptroller of Public Accounts will serve the people of Texas by applying the tax and fiscal laws fairly and consistently. We will continue to improve our services through innovative management and technology, carrying out all our duties with integrity, openness and at the least cost to the taxpayer.*

## OUR PHILOSOPHY

*We will carry out our duties openly, ethically and fairly. We will emphasize transparency and ensure greater accountability by making records freely accessible. We will listen to those we serve and ask them to judge our performance. We will deliver more services at lower costs by continually examining and improving the efficiency of our work. Employees will be rewarded for initiative, good ideas and productivity. While mindful that the human element is the source of creativity, we will seek out and use innovative technology to do our jobs simpler, smarter and faster. We will keep our word and deliver what we promise.*

## OUR COMPACT WITH TEXANS – WHAT YOU CAN EXPECT FROM US

The Comptroller’s office will provide every customer with fast, fair and efficient service; exceed expectations; and continually explore ways to save taxpayer dollars through simpler, smarter and faster solutions.

### Our Customer Service Principles

- Dynamic Assistance
- Quality Work
- Accessible Staff and Facilities
- Fair and Equitable Treatment
- Innovation and Improvement
- Privacy and Confidentiality
- Fast Response to Problems

### Dynamic Assistance

The “Texas Taxpayer Bill of Rights” summarizes the agency’s commitment to customer service for Texas taxpayers. The goal of this bill of rights, and the Comptroller’s office, is to ensure those individuals and businesses who file and pay state taxes receive the treatment and service to which they are entitled.

- You’re going to be treated with fairness, courtesy and genuine respect because it’s the Texas thing to do.
- You’ll get fast, accurate responses to your information needs. That’s an important part of our job.
- If you ever have a complaint, it will be handled by an agency-appointed expert ombudsman.
- The rules, publications and forms are readily available and written clearly.
- Helpful information resources are available at any of our statewide offices or at your fingertips at [www.window.state.tx.us](http://www.window.state.tx.us).
- The tax process is fair and confidential. The timelines are clear. We will do everything we can to work with you and meet your needs.

Offices are open between 8 a.m. and 5 p.m., Monday through Friday. Tax assistance telephone lines are open from 7:30 a.m. until 5:30 p.m., Central Standard Time, Monday through Friday. Information is available on the agency’s website 24 hours a day, 7 days a week.

### Quality Work

The agency’s trained, professional staff aims to get every aspect of a customer’s affairs right the first time.

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## Accessible Staff and Facilities

Agency staff may be contacted by e-mail, telephone or letter. Field offices located across Texas are also open to visitors.

### **Headquarters address:**

111 East 17th Street  
Austin, Texas 78774

### **Mail correspondence to:**

P. O. Box 13528  
Austin, Texas 78711

### **Agency switchboard:**

(800) 531-5441  
(7:30 a.m.-5:30 p.m., Central Standard Time,  
Monday-Friday)

## Fair and Equitable Treatment

The Comptroller's office promises tax and fiscal processes that are fair, equitable and timely. For special needs, any of the agency publications can be made available in Braille, large print, audio or Spanish. An alternate format can be requested by contacting the agency's customer service representative at [comptroller.help@cpa.state.tx.us](mailto:comptroller.help@cpa.state.tx.us).

## Innovation and Improvement

Customer input is critical to the agency's continuous improvement efforts. Customers are surveyed on a regular basis to obtain input and ideas to improve agency processes.

## Privacy and Confidentiality

The Comptroller's office will follow the letter of the law when it comes to taxpayer privacy and confidentiality.

## Fast Response to Problems

Despite the agency's best efforts, there could be times when problems arise. All complaints are handled with a sense of urgency. If a complaint is filed, a response can be expected within 10 working days.

Tax disputes previously handled by the Comptroller's office are now heard by administrative law judges with the Tax Division of the State Office of Administrative Hearings. Contact the State Office of Administrative Hearings at [questions@soah.state.tx.us](mailto:questions@soah.state.tx.us).

Due to the size and number of programs administered by the Comptroller's office, two individuals assist in resolving customer issues. The Customer Relations Representa-

tive works with customers who have non-tax related issues, while the Agency Ombudsman assists customers with tax or business-related issues.

Agency staff will treat all customers with care and attention whether filing a tax return, undergoing an audit or simply seeking information.

## Our Customer Service Standards

- Online tax information will be available 24 hours a day, seven days a week.
- Qualifying taxpayers can file a variety of state tax returns via the Internet 24 hours a day, seven days a week.
- Telephone messages will be returned within 24 hours.
- Complaint letters will receive responses within 10 days.

The Comptroller's office regularly assesses its customer satisfaction levels through a number of surveys and report cards. Because of the complexity and range of duties performed by the agency, areas individually survey their customers. The agency also monitors its progress through the use of performance measures designed to evaluate the level of customer satisfaction with major areas of the agency. A separate *Comptroller's Report on Customer Service* is available on the agency's *Window on State Government* website.

## OUR GOALS, OBJECTIVES AND STRATEGIES

### GOAL I.

### Improve voluntary compliance with the tax laws.

*Texas Tax Code, Titles 2 and 3.*

As state government's chief tax collector, the Comptroller administers the state's tax laws through auditing, enforcement and the dissemination of tax policy information. Voluntary compliance is viewed as the cornerstone of tax administration. The state's ability to fund its many programs depends in large part on taxpayers meeting their tax responsibilities willingly.

### **Our Objectives:**

- Increase the accuracy and number of audits and improve assessments from audits
- Achieve average account closure rates, ratios and turnaround times
- Improve taxpayer ratings of accuracy and speed of information disseminated
- Issue timely position letters



### **Our Strategies:**

- Maintain an ongoing program of audit and verification activities
- Improve compliance with tax laws through contact and collection programs
- Provide information to taxpayers, government officials and the public
- Provide tax hearings, represent the agency and provide legal counsel

## **GOAL II.**

### **Efficiently manage the state's fiscal affairs.**

*Texas Constitution (Art. III, Sec. 49a, 49g, 49k); Texas Local Gov't Code, Sections 112.003, 154.008; Texas Gov't Code, Chapters 41, 401, 403, 404, 406, 604, 608, 659-662, 666, 815, 825, 830, 840, 1201, 2101, 2103, 2155, 2162, 2175, 2252, and 2254; Texas Education Code, Chapter 57; Texas Election Code, Chapter 19; Texas Property Code, Chapter 74; General Appropriations Act, 81st Legislature, Art. XII, Sec. 6e.*

As Texas' chief financial officer, the Comptroller manages most of the state's fiscal affairs. The Comptroller is state government's primary accountant, responsible for writing the state's checks and monitoring all spending by state agencies. The Comptroller is also the state's official revenue estimator, providing the Legislature with anticipated state revenue information.

Beginning on Sept. 1, 1996, the Comptroller assumed the functions of the State Treasury, including the receipt, custody and safekeeping of public moneys and the administration of unclaimed property reported to the state. As the state's cashier, the Comptroller's office receives, disburses, counts, safeguards, raises, records, allocates, manages and reports the state's cash. In addition, the Comptroller chairs the state's Treasury Safekeeping Trust, which invests, manages and oversees more than \$50 billion in assets.

On Sept. 1, 2007, House Bill 3560, as passed by the 80th Legislature, transferred the statewide procurement, fleet management and support services duties of the Texas Building and Procurement Commission, now the Texas Facilities Commission, to the Comptroller's office. At that time, the Comptroller's office became the state's purchasing manager, awarding and managing hundreds of statewide contracts on behalf of more than 200 state agencies and 1,900 cooperative purchasing members.

The 81st Legislature charged the Comptroller's office with tracking the more than \$14.4 billion in stimulus funds flowing through the state's treasury. More than 60 state agencies and public institutions of higher education report weekly to the Comptroller's office on the amount of stimulus funding awarded and spent. The agency, in cooperation with the State Auditor's Office, is also charged with prescribing and implementing any payment and post-payment audit procedures deemed necessary to ensure compliance with the state and federal requirements.

### **Our Objectives:**

- Reduce the variance between estimated and actual revenue collections
- Certify the general appropriations act
- Obtain a customer satisfaction rating of good or excellent on systems
- Increase the volume of direct deposits
- Ensure the accuracy of the property value study
- Identify and develop research to promote understanding of fiscal issues
- Maximize state revenue by processing monies electronically
- Ensure the receipt of quality, cost-effective goods and services
- Achieve savings and measurable value from competitive services

### **Our Strategies:**

- Project, account, audit and report receipts and disbursements for the state
- Issue payments
- Provide assistance and training to state agencies
- Maintain an integrated and uniform financial management system
- Conduct a property value study and provide assistance to appraisal districts
- Provide information and analysis to the public and private sectors
- Ensure that the state's assets and cash receipts are properly secured
- Provide statewide procurement and support services to state agencies and cooperative entities
- Identify and review state programs, services and processes that can be more cost-effectively provided through competitive bidding initiatives



### GOAL III.

#### **Expediently manage the receipt and disbursement of state tax revenue.**

*Texas Gov't Code, Chapter 403; Texas Tax Code, Titles 2 and 3.*

As the state's chief tax collector, the Comptroller is responsible for collecting more than 60 separate taxes, fees and assessments, including local sales taxes on behalf of more than 1,500 cities, counties and other local governments. This responsibility includes maintaining taxpayer accounts, processing tax payment exceptions and adjustments and paying all unclaimed property claims.

##### **Our Objectives:**

- Generate taxpayer refunds
- Return tax allocations
- Maintain turnaround times

##### **Our Strategy:**

- Improve tax and voucher data processing, tax collection and disbursements

### GOAL IV.

#### **Develop and maintain a skilled work force, committed to quality performance.**

*(No specific statutory authorization).*

The Comptroller's complex and varied duties require experienced, highly trained employees. We pledge to provide useful training and educational opportunities for all staff. Extensive efforts have been made to make high-quality training available and accessible to those who need it, when they need it.

##### **Our Objective:**

- Ensure that each year the Comptroller's work force will be able to attend classes that will enable them to become more productive and knowledgeable employees.

##### **Our Strategy:**

- Make high-quality training available and accessible to those who need it, when they need it.

### GOAL V.

#### **Maximize customer satisfaction by improving services while minimizing administrative burdens on those we serve.**

*(No specific statutory authorization).*

The Comptroller's office serves two types of customers. Our external customers are the taxpayers, vendors, state agencies and government officials for whom we provide various services. The nature of our agency's relationship to its external customers is different from those in the private sector, in that most of our customers are required by law to do business with us. Nonetheless, our success in improving voluntary compliance with tax laws, for example, depends in large part on the level of satisfaction our external customers feel toward our services.

Within the agency, our divisions support each other, thus creating internal customers. The level of service we provide to one another is a crucial factor in our efforts to achieve our goals.

##### **Our Objective:**

- Attain highest ratings possible from those we serve as evidenced by feedback provided through surveys, cards or any other measuring device used by the agency.

##### **Our Strategy:**

- Improve services delivered to our internal and external clients in support of the Comptroller of Public Accounts' mission to serve the people of Texas.

### GOAL VI.

#### **Establish and carry out policies governing purchasing and contracting that foster meaningful and substantive inclusion of Historically Underutilized Businesses (HUBs).**

*Texas Gov't Code, Chapter 2161.*

The Comptroller of Public Account's HUB Program is committed to promoting equal opportunities in the contract awards process for Historically Underutilized Businesses statewide and to serving as an exemplary model for other state agencies in meeting the HUB mandate.

##### **Our Objective:**

- Include HUBs in at least 23.6 percent of all agency dollars spent for professional services; 24.6 percent of all

agency dollars spent for other services; and 21.0 percent of all dollars spent for commodities.

### **Our Strategy:**

- Maintain ongoing program of activities to ensure HUB vendor participation in procurement process.

## **II.**

### **CURRENT WORK FORCE PROFILE (SUPPLY ANALYSIS)**

#### **CORE FUNCTIONS AND CRITICAL WORK FORCE SKILLS**

##### **Core Functions**

- Collect state taxes and fees
- Enforce tax laws
- Provide tax assistance
- Oversee the state's fiscal affairs
- Estimate state revenue
- Monitor state expenditures
- Process and deposit state revenue
- Manage statewide purchasing and contracts

##### **Critical Work Force Skills**

Although the agency has many talented and qualified employees, there are a number of critical skills that are important to the agency's ability to operate. The Comptroller's office could not effectively accomplish basic business functions without these skills:

- Customer service
- Analysis/research
- Problem solving
- Communication (verbal and written)
- Computer proficiency (skills requirements range from entry-level end-user to the highly-skilled information technology specialist)
- Investigation
- Auditing/accounting
- Financial analysis
- Management

#### **Work Force Demographics**

As of April 1, 2010, the Comptroller's office had a total headcount of 3,003 employees. The following tables profile the agency's work force, including both full-time and part-time employees. The Comptroller's work force is comprised of 44 percent males and 56 percent females. Over 45 percent of

the agency's work force is 50 years or older with over 33 percent of the work force having 21 or more years of state service. Employee tenure with the agency breaks down as follows:

- 55 percent of the work force has 10 years or less tenure with the agency;
- 20 percent has 11-20 years of experience; and
- 24 percent of employees have 21 years or more of service with the agency.

Statistics show that over one-half of the work force has 10 years or less of experience working in the Comptroller's office with proficiency levels ranging from minimal knowledge to working knowledge of processes. Twenty percent or just under one-fourth of the Comptroller's work force has 11-20 years of tenure with expertise ranging from working knowledge to the mastery level. Employees with 21 years or more of experience with the Comptroller's office, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 24 percent of the work force. These employees are also keepers of institutional business knowledge.

To prevent a disparity in knowledge and experience levels within the next five years, succession-planning strategies must address the transfer of institutional business knowledge and professional expertise.

#### **WORK FORCE BREAKDOWN**

##### **Gender**

	Number of Employees	Percent of Employees
Male	1,336	44%
Female	1,667	56%

Source: Uniform Statewide Payroll System.

##### **Age**

	Number of Employees	Percent of Employees
20–29 years	261	8.7%
30–39 years	560	18.6%
40–49 years	815	27.1%
50–59 years	1,003	33.4%
60–69 years	349	11.6%
70–79 years	15	0.5%
80 years & over	0	0.0%

Source: Uniform Statewide Payroll System.

### State Tenure

	Number of Employees	Percent of Employees
0–5 years	803	26.7%
6–10 years	504	16.8%
11–15 years	383	12.7%
16–20 years	320	10.7%
21–25 years	398	13.2%
26–30 years	279	9.3%
31–35 years	228	7.6%
36–40 years	75	2.5%
Over 40 years	13	0.4%

Source: Uniform Statewide Payroll System.

### Agency Tenure

	Number of Employees	Percent of Employees
0–5 years	1,110	37.0%
6–10 years	542	18.0%
11–15 years	353	11.7%
16–20 years	272	9.1%
21–25 years	285	9.5%
26–30 years	198	6.6%
31–35 years	195	6.5%
36–40 years	37	1.2%
Over 40 years	11	0.4%

Source: Uniform Statewide Payroll System.

## COMPTROLLER OF PUBLIC ACCOUNTS WORK FORCE COMPARED WITH STATEWIDE CIVILIAN WORK FORCE

The “Statewide Employment Statistics” table below compares the percentage of African American, Hispanic and Female Comptroller employees (as of March 31,

2010) to the statewide civilian work force as reported by the Texas Workforce Commission’s Civil Rights Division. For most job categories, the agency is comparable to or above statewide work force statistics.

### Statewide Employment Statistics

Job Category	African American		Hispanic American		Females	
	Comptroller	State	Comptroller	State	Comptroller	State
Officials/Administration	17.7%	9.0%	10.6%	23.7%	38.1%	38.8%
Professional	14.8 %	11.7%	23.8%	19.9%	52.5%	54.5%
Technical	7.2%	17.0%	11.9%	27.0%	72.1%	55.6%
Administrative Support	18.8%	13.2%	36.5%	31.9%	71.9%	66.2%
Skilled Craft Worker	50.0%	5.1%	50.0%	46.9%	0.0%	5.1%
Service and Maintenance	22.7%	12.8%	27.1%	44.8%	58.8%	39.7%

Source: Uniform Statewide Payroll System and Texas Workforce Commission (TWC).  
TWC statistics extracted from “Equal Employment Opportunity and Minority Hiring Practices Report, January 2009.”

## Employee Turnover

The agency's turnover rate has continued to decrease over the past three years, from 12 percent in fiscal 2007 to 7.4 percent in fiscal 2009. In 2009, as shown in the "Overall Turnover" table, the agency's turnover rate was 7 percentage points lower than the statewide average of 14.4 percent. During periods of economic downturn, specifically fiscal years 2009 and 2006, the agency's turnover rate was significantly lower than the statewide average. In all other years, the agency's turnover was at least 5 percentage points lower than the statewide average.

### Overall Turnover

Fiscal Year	Comptroller	State
2009	7.4%	14.4%
2008	11.5%	17.3%
2007	12.0%	17.4%
2006	7.5%	15.8%
2005	11.2%	16.9%

Source: Uniform Statewide Payroll System and the State Auditor's Office (SAO). SAO statistics derived from "An Annual Report on Full-Time Classified State Employees Turnover" (for respective fiscal years).

Despite a lower percentage of staff turnover as compared to the state, a total of 1,428 employees, or almost 50 percent of the agency's workforce, have left the agency over the last five years. Over 40 percent of the employees were lost within the first five years of employment as indicated by the "Turnover by Length of Service" table, although the "Turnover Rates by Age" shows that almost 50 percent of the employees lost were over age 50.

### Turnover by Classification Job

Classification Job Series	Total Terminations
Auditor	39
Accounts Examiner	24
Program Specialist	24
Systems Analyst	21
Tax Compliance Officer	17

Source: Uniform Statewide Payroll System (Fiscal 2009 data).

### Turnover by Length of Service

FY	# Terms	0-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
2009	206	88	25	15	19	17	28	14
2008	321	115	66	27	16	18	48	31
2007	344	126	69	21	24	25	55	24
2006	221	114	32	16	18	8	23	10
2005	336	135	34	25	18	37	70	17

Source: Uniform Statewide Payroll System.

### Turnover by Age

FY	# Terms	20-29 Years	30-39 Years	40-49 Years	50-59 Years	60-69 Years	70-79 Years	80-89 Years
2009	206	24	33	31	82	35	1	0
2008	321	31	64	58	128	38	2	0
2007	344	60	65	58	115	46	0	0
2006	221	44	55	32	63	19	2	1
2005	336	54	46	52	156	21	1	0

Source: Uniform Statewide Payroll System.

## Retirement Eligibility

Data obtained from the Employees Retirement System shows projected retirements for the Comptroller's office over the next five fiscal years. The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions, coupled with normal attrition, poses a critical work force dilemma for this agency as well as the state. It is important to ensure that this technical knowledge and organizational experience is not lost. The following chart examines the potential loss of employees due to retirements.

Projected Comptroller Retirements		
Fiscal Year	Projected Retirements	Percent of Total Agency Employees (FTE Cap = 3,151.6)
2010	119	3.7%
2011	123	3.9%
2012	107	3.4%
2013	111	3.5%
2014	111	3.5%
Total Projected Retirements	571	18.1%

Source: Employees Retirement System.

### III.

## FUTURE WORK FORCE PROFILE (DEMAND ANALYSIS)

### Critical Functions

- Possible expansion of, or changes to, existing taxes or the enactment of new taxes.
- Legislative mandates impacting the administration and delivery of agency services.

### Expected Work Force Changes

- Increased use of technology to revise and streamline work processes.
- Cross-trained employees in functional areas.
- Greater demand for Web-related services.

## Anticipated Increase/Decrease in Number of Employees Needed to Do the Work

- At a minimum, maintain current staffing level. Any decrease in staffing would significantly impact the agency's ability to perform required services. Current staff is able to maintain existing service levels, but attrition creates overload and leads to backlogs and decreased customer service.
- Reallocate employees within the agency to address increased demands.
- Continuously review and develop efficient work processes.
- Provide training and effectively manage succession planning.

## Future Work Force Skills Needed

As the agency increasingly utilizes technology to streamline processes, meet the demands of customers and provide more efficient services, additional skills may be required for the future work force. Needed skills might include more advanced computer-related skills such as systems design and analysis and Web design and development. Other skill requirements with increased focus include team building, project management, grants management and the ability to adapt to changing workplace demands.

### IV.

## GAP ANALYSIS

### Anticipated Surplus or Shortage of Workers or Skills

After analyzing the work force information gathered from agency divisions, it is clear that the primary gap that must be addressed between the agency's current work force supply and future demands is in transferring institutional business knowledge and technical expertise (mastery level). Overall, the agency work force currently has the necessary skills to do the required work. In the next five years, however, the agency will experience a shortage of required skills, particularly in management and senior level professional positions due to potential retirements and normal attrition.

- There is a potential skills imbalance "gap" between tenured/skilled employees (employees with 15+ years of service) with institutional business knowledge and technical expertise and employees with less tenure (10 years or less service). Consequently, the future work force

may lack mission critical skills unless steps are taken to develop less tenured employees.

- The agency will continue its efforts to identify key positions in management and key senior-level professional positions for succession planning.

Human Resources will continue to work with divisions on developing desired skill sets and competencies for all areas.

As part of the work force planning process, Human Resources distributed a “Work Force Planning Questionnaire” to division management to develop a profile of current division skill levels and future workload demands. The following skills were identified as priorities for employees over the next five years. These skills were rated on a scale from one to four to determine the current proficiency level and the desired proficiency level. The results are illustrated below.

### Skill Levels

Skill	Current Competency Level	Projected Competency Level Within the Next 5 Years	Needed Competency Level	Gap
Auditing	4	3	4	1
Advanced Financial Analysis	3	2	4	2
Analysis	4	2	4	2
Communication	3	3	4	1
Computer Proficiency	3	2	4	2
Customer Service	4	3	4	1
Investigation	4	2	4	2
Research	4	3	4	1
Management	4	2	4	2
Problem Solving	3	2	4	2

Current = Average competency level for incumbents performing core functions

Projected = Average competency level projected for employees performing core functions within the next 5 years

Needed = Average competency level needed for future employees performing core functions

Gap = Difference in skill level between needed and projected competency levels

0 = No knowledge

1 = Minimal knowledge, familiarity with skill

2 = Working knowledge, proficiency in skill

3 = Professional level, mastery skill

4 = Acknowledged expert in skill, able to mentor and train other employees



## V.

### STRATEGY DEVELOPMENT

The Comptroller's office has always emphasized training. One of the agency's six primary goals is to:

*Develop and maintain a skilled work force, committed to quality performance.*

In order to address any deficits between the Comptroller's current work force and future demands, several strategic goals have been incorporated into the agency's work force plan. These objectives were developed based on factors identified through an agency work force analysis. The Comptroller's future work force requirements can be met through the accomplishment of two key objectives:

Objective: Develop a Competent, Well-Trained Work Force.	
<b>Rationale</b>	Approximately 18 percent of CPA's work force is projected to be eligible to retire within the next five years. The most critical issue facing the agency is the potential skills gap that will occur due to employee retirements. The agency relies heavily on a competent and knowledgeable staff and the loss of mastery-level expertise and institutional business knowledge will have a significant impact on agency services. The training and development of current employees is critical to the success of the agency. The Comptroller's office must assess existing staff to determine which employees demonstrate the potential or interest to develop new competencies and assume new or modified positions.
<b>Action Steps</b>	<ul style="list-style-type: none"><li>• Identify agency critical skills and competencies with input from divisions.</li><li>• Conduct an assessment of the level of risk facing the agency regarding the potential loss of knowledge, particularly in areas where loss is likely due to the imminent retirement of employees in key positions.</li><li>• Develop succession-planning and knowledge transfer strategies to ensure that institutional business knowledge and technical expertise is transferred to less tenured employees. Promote these strategies as an agency priority and include accountability measures.</li><li>• Train management staff to address skill imbalance issues. Implement accountability measures to ensure managers develop and execute appropriate strategies to successfully address skill "gaps" within their division.</li><li>• Expand and enhance training curricula and programs to include effective leadership, mentoring and contemporary management training skills, as well as assess and address division specific training needs.</li><li>• Create a management development program based on specific assessment criteria to create a group of potential candidates for future leadership positions. Require candidates to participate in professional management training that includes opportunities to apply and prove leadership qualities and abilities.</li><li>• Implement mentoring programs for all levels of job categories matching seasoned employees with new employees.</li><li>• Include "job shadowing" or the pairing of new employees with more seasoned employees, as a routine part of both employees' job descriptions.</li><li>• Enhance the agency's tuition reimbursement program to encourage employees to further their education.</li><li>• Encourage employees to pursue professional certification(s) in their areas of employment when possible.</li></ul>

**Objective: Attract and Retain the Right Employees for the Job.**

***Rationale***

Recruiting excellent workers is the cornerstone of building a quality work force. Retaining those same employees in a competitive market remains a continuing challenge. Retention of state employees will require a partnership between state leadership and state agencies. State leadership must offer competitive salaries and benefits packages, and allow flexibility to administer non-monetary incentives. State agencies must take responsibility to recruit quality workers, recognize excellent performance and provide development opportunities. The Comptroller's office must provide quality training and professional development for all employees that focus on agency and division critical skills, competencies and technical requirements. Mentoring and learning opportunities such as job shadowing must be expanded to maintain institutional business knowledge and technical expertise and enhance career and professional development opportunities for employees.

***Action Steps***

- Identify classification job series with the highest turnover and implement more aggressive recruitment and retention strategies for these positions.
- Implement more aggressive cross-training opportunities within divisions to ensure continuity of business functions and processes.
- Enhance and expand recruiting efforts to incorporate marketing CPA as an employer of choice.
- Market career assessment resources and professional development opportunities.
- Further develop and promote agency mentoring programs.
- Develop career paths that cross division lines and market as opportunities to develop additional skills and increase advancement possibilities.
- Create programs that allow employees who are seeking new challenges to work on special projects, rotations, and/or developmental or "stretch" assignments.
- Utilize pay incentives, where appropriate, to attract and retain staff.
- Adjust salaries within assigned pay ranges for employees in positions that are either critical or key functions or that have high turnover rates.
- Create formal rewards and recognition programs and activities within divisions.
- Promote the use of non-monetary rewards for exceptional performance (e.g., Administrative Leave for Outstanding Performance, etc.).
- Continue to allow employees to utilize the agency's alternative work schedule programs to the extent possible.

**VI.**

**SUCCESSION PLANNING PROGRESS**

The Comptroller's office has implemented and will continue to put into practice the action steps outlined above. Strategies such as creating opportunities for employees to work on special projects, development projects or "stretch assignments," cross-training of staff by subject-matter experts, including job shadowing, structured on-the-

job training programs and recognition programs have been implemented in various divisions.

Most divisions have expanded efforts to implement informal plans to transfer institutional business knowledge and subject matter expertise. The Comptroller's office is in the process of implementing a four phase pre- and post-supervisory training program to provide growth opportunities for interested employees. An agency wide recognition program is also being developed.

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The agency continues to work on a more formalized process to capture and transfer institutional business knowledge. Human Resources staff is working on ways to streamline existing knowledge transfer strategies for replication in other agency divisions.

Staff recently implemented a competency based performance appraisal system. The revised performance appraisal process allows for the inventory of position competencies and skill requirements and includes an employee professional development plan. This model also includes the integration of employee job descriptions, accomplishments

and specific behaviors expected for each performance rating as well as manager/employee feedback.

The process is also part of a formal succession-planning program to include an employee assessment and management development training plan. The process will include the ability to generate reports to assist with projecting staffing needs, identifying critical and/or key positions and match employee competencies/skills with business needs. Transferring institutional business knowledge to ensure continuity of agency functions is a dynamic process and continues to be a work in progress.



# Agency Strategic Plan

For the Period 2011-2015

## Glossary of Terms

### Agency Goals

The general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. They are both qualitative and quantifiable, but not quantified. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge an agency, but they are realistic and achievable.

### Agency Mission

The reason for an agency's existence. It succinctly identifies what the agency does, and why and for whom it does it. A mission statement reminds everyone — the public, the Governor, legislators, the courts, and agency personnel — of the unique purpose promoted and served by the agency.

### Agency Philosophy

The expression of core values and operating principles for the conduct of the agency in carrying out its mission. It describes how the agency conducts itself as it does its work.

### Agency Strategic Plan

An external document required of all state agencies within the executive branch of Texas state government. It is the result of a long-term, future-oriented process of assessment, goal setting, and decision-making that maps an explicit path between the present and a vision of the future and leads to priority-based resource allocation.

### Division Business Plan

A document which describes how a division will contribute towards the accomplishment of the Agency Strategic Plan. The division defines its goals and objectives and determines strategies for accomplishing them. Although its

scope is long-term, plans are updated each year to allow for changes in circumstances affecting strategies.

### Efficiency Measures

Indicators of the input resources required to produce a given level of output. They measure resource cost in dollars, employee time, or equipment used per unit of product or service output. An efficiency measure relates agency efforts to agency outputs. Indicators of average cost and average time normally serve as efficiency measures for agency processes, but they may also serve as outcome measures when cost-per-unit-of-outcome is the focus and can be meaningfully captured.

### Explanatory Measures

Provide information that can help users to assess the significance of performance reported on other types of measures. An agency may have limited or no control over factors addressed by explanatory measures, including environmental or demographic characteristics related to agency target populations. A major use of this type of measure is to describe the level of customer demand or public need for an agency's products and services. Explanatory measures also may focus on variables over which an agency has significant control, such as staffing patterns for specific functions.

### External/Internal Assessment

An evaluation of key factors that influence the success of an agency in achieving its mission and goals. Detailed evaluation of trends, conditions, opportunities, and obstacles directs the development of each element of the strategic plan. Key external factors may include economic conditions, population shifts, technological advances, geographical changes and/or statutory changes. Key internal factors include management

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policies, resource constraints, organizational structure, automation, personnel, and operational procedures.

## **HUB**

Refers to a historically underutilized business that is a corporation, sole proprietorship, partnership, joint venture, or supplier contract formed for the purpose of making a profit in which at least 51 percent of all classes of the shares of stock or other equitable securities are owned by one or more persons who: (1) are socially disadvantaged because of their identification as members of certain groups, including African Americans, Hispanic Americans, women, Asian Pacific Americans and Native Americans, and have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control; and (2) have a proportionate interest and demonstrate active participation in the control, operation and management of the business entity's affairs.

## **Inputs**

The resources that an agency uses to produce services, including human, financial, facility or material resources.

## **Objectives**

Clear targets for specific action. They mark interim steps toward achieving an agency's long-range mission and goals. Linked directly to agency goals, objectives are measurable, time-based statements of intent. They emphasize the results of agency actions at the end of a specific time.

## **Outcome Measures**

The indicators of the actual impact or effect upon a stated condition or problem. They are tools to assess the effectiveness of an agency's performance and the public benefit derived. An outcome measure is a means for comparison between the actual result and the intended result.

## **Output Measures**

Tools, or indicators, to count the services and goods produced by an agency. The number of people receiving a service or the number of services delivered are often used as measures of output.

## **Strategic Planning**

A long-term, future-oriented process of assessment, goal-setting and decision-making that maps an explicit path between the present and a vision of the future, that relies on careful consideration of an organization's capabilities and environment and leads to priority-based resource allocation and other decisions.

## **Strategic Planning and Budgeting Structure**

The framework used by an agency in preparing its request for appropriations. An agency's strategic planning and budgeting structure consists of goals, objectives and strategies, and their related outcome, output and efficiency measures, derived from the agency strategic plan. Only those elements in an approved strategic planning and budgeting structure may be utilized by an agency as items in its request for appropriations.

## **Strategies**

Methods to achieve goals and objectives. Formulated from goals and objectives, a strategy is the means for transforming inputs into outputs, and ultimately outcomes, with the best use of resources. A strategy reflects budgetary and other resources.

## **Vision**

An inspiring picture of a preferred future. A vision is not bound by time, represents global and continuing purposes and serves as a foundation for a system of strategic planning. A statewide vision depicts an ideal future for the people of Texas and the contributions that state government can make to that end.





# Agency Strategic Plan



Agency Strategic Plan for the Period 2011 – 2015



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